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Burmese ruling party lose control of the streets

AUNG SANG SUU KYI, daughter of the man revered as the father of independent Burma, yesterday led demonstrations calling for the paralysed government of President Maung Maung to resign and for the army to join the people, writes Richard Gourlay in Bangkok.

A day after the army had been withdrawn to barracks, the ruling party had clearly abdicated control of the streets to the people after 26 years of rigid military rule.

Rangoon residents, Burmese exiles and diplomats expect the one-party system to crumble completely at any moment. However, the ruling party's leaders are clinging on.

The government has not responded to the nationwide revolt since Dr Maung Maung offered in a momentous speech to consider multi-party democracy at a special party conference being held on September 12. The proposal appears to have been widely rejected as "too little, too late," according to diplomats.

"There is no administration in Rangoon any more and we are hearing the same from other cities," one diplomat said. Monks have taken over some city administrations, including that in Mandalay. Banks, shops, businesses and the railways are closed and Burma Airlines cancelled its flights from Bangkok and Dhaka, adding to speculation that some leaders of the ruling party might flee.

Uncertainty about the country's future centred around worries about the intentions of the army, for so long inseparable from the party at senior levels. There are signs that it is trying to remain neutral between the people and the crumbling party since it withdrew from the streets.

However, tension increased following reports that prisoners died yesterday in Rangoon's Insein jail, from which the government said it released 2,700 political prisoners.

People in Rangoon are unclear about possible future leaders. Aung San Suu Kyi was living in England with her husband, an expert on Tibet and Burma at Wolfson College, Oxford, until she returned to nurse her ailing mother when the revolution broke out.

Caught up in the turmoil, Aung San Suu Kyi, an Oxford graduate, last week wrote a letter to the ruling party suggesting an interim government and she has responded to what she sees as a call to serve her country, Rangoon residents say.

Like another potential leader, Aung Gyi – who was released from jail on Thursday – she trod a careful path yesterday between demanding immediate democracy and the need for peaceful solutions.

She was apparently trying to avoid the kind of clashes with the army that have left thousands dead in the violent riots since August 8, diplomats said. "Democracy can only be obtained in a peaceful and unified way," she told a crowd.

WORLD NEWS

Security alert over Irish extradition

Security forces on both sides of the Irish border were on the alert for trouble last night over the expected extradition to Ulster of IRA man Robert Russell. A Dublin judge yesterday rejected two late legal attempts to halt the hand-over.

In Strabane, County Tyrone, a member of the security forces found a bomb containing 3lb of Semtex explosive beneath his car. It was made safe. Earlier Czechoslovakia, which makes Semtex, promised to investigate whether the odourless explosive used in several recent IRA bombings could be given a "fingerprint" to ease detection. Page 4

Polish talks planned

As strikes continued in Poland last night, the country's Communist authorities proposed unconditional talks on the issue with all sides except those who "rejected the constitutional order of Poland." Earlier Lech Walesa, leader of the banned union Solidarity, had offered discussions with the authorities. Page 20; Poles seek way out of stalemate, Page 2

Soviet decree

A decree adopted late last month grants Soviet Interior Ministry troops powers to search suspects' homes without warrant, suppress mass demonstrations and strikes, conduct spot identity checks and to use firearms in exceptional cases. Page 2

Film ban urged

The Conservative Family Campaign urged councils to ban the controversial film The Last Temptation of Christ, passed uncut by the censors and due for release in London on September 9.

Envoy to see Briton

David Reddaway, the first British diplomat to visit Iran since relations broke down a year ago, will be allowed to visit Roger Cooper, the British businessman jailed for three years on spying charges.

Smugglers convicted

The fifth member of a drugs gang was convicted in Cardiff for his part in a plan to smuggle £4½m-worth of cannabis into Britain. Three other men and a woman were convicted earlier this week.

Pakistan party split

A split has divided the Pakistan Moslem League, seen as the main challenger to Benazir Bhutto's Pakistan People's Party in elections due in November. Page 3

Sahara peace move

Moroccan and Polisario Front officials are to meet UN Secretary-General Perez de Cuellar today to discuss a plan for ending the 12-year-old war in the western Sahara. Africa worse off, Page 2

Quayle challenged again

Republican vice-presidential candidate Dan Quayle, challenged over his military record, faces fresh allegations. A Cleveland newspaper suggests he exaggerated his experience of state government.

Ready for carnival

More than a million people and a third of London's Metropolitan Police Force are expected at the Notting Hill Carnival

Prison strike continues

Plans for a return to work by 200 officers at Holloway women's prison, north London, were abandoned when union leaders accused management of failing to honour previous undertakings.

More seals die

More than 40 dead and dying seals have been found on the north Norfolk coast and two dead seals were washed up near Grimsby, Humberside.

Financial Times

The Financial Times will not be published on Monday. August 29.

BUSINESS SUMMARY

Macmillan rejects MCC offer

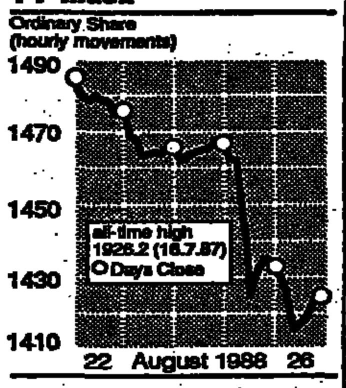
MACMILLAN rejected a $2.2bn (£1.3bn), or $80 a share, tender offer from Maxwell Communication Corporation, the British printing and media group.

Directors of the US publishing house said the offer was inadequate and they believed they could obtain more than $80 a share if they decided to sell the company. Page 20

FT Ordinary Index lost 59.1 over a week which brought progressively deteriorating economic news. It ended the day 7.2 down at 1,425.4. London Stock Exchange, Page 12

FT Index

Ordinary Share (hourly movements)



TOKYO Stock Exchange was accused of covering up its findings following a month-long investigation into allegations of insider dealing at steelmaker Nippon Steel and Sakyo Seiki, an engineering company. Page 20

NEW YORK Mercantile Exchange chairman Bill Bradt resigned after his behaviour in two exchange matters was described as inappropriate by the Commodity Futures Trading Commission. Page 20

BARCLAYS de Zoete Wedd, securities house, is to pull out as gilt options market-maker on the London Stock Exchange because of declining volumes. Page 4

AUSTRALIA recorded its worst monthly balance of payments figures since October 1986. Figures showed a July current account deficit of A$1.67bn (£745m). Page 3

SOVIET Co-operative movement leaders proposed a personal income tax of 20 per cent for all members and workers. Page 2

SOVIET UNION and the US may be able to settle an agreement on grain exports within the next month. The current deal expires on September 30. Page 2

FINLAND revealed proposals for tax reforms which would cut direct taxes and broaden the tax base. Page 2

ITALIAN banks began raising loan charges for the first time this year, prompted by rises in France, West Germany and the UK and a wish to damp down domestic demand. Page 2

TOYOTA MOTOR, Japanese car manufacturer, announced a 31 per cent rise in pre-tax profits to Y521.7bn (£2.30bn). Sales rose 11.1 per cent to Y6,691.3bn. Page 16

INDUSTRIAL and commercial companies liquidity in the UK fell to 84 per cent in the three months to June, its lowest level for five years. Page 4

WELSH BREWERS, South Wales arm of Bass, plans to spend £23m on public houses in the region, much of it in the industrial valleys. Page 4

SAGA PETROLEUM'S largest shareholders suggested that the Norwegian oil company should try to improve its financial position by either merging or co-operating with a domestic or foreign oil concern. Page 16

AIR CALL Communications and Digital Mobile Communications, UK paging operators, are to link their networks outside south-east England, in an attempt to boost their effectiveness

Bank backs the pound as dollar stabilises

By Simon Holberton in London and Janet Bush in New York

THE BANK OF ENGLAND was forced to intervene to support a weakening pound yesterday, while the dollar stabilised in response to Thursday's round of interest rates rises in Europe.

The Bank sold dollars and D-Marks for sterling in what was described as a modest amount of intervention to steady a currency market still concerned about the size of Britain's trade deficit.

The upward trend in the dollar, which has posed formidable difficulties for the central banks of the Group of Seven major industrialised countries in recent weeks, appeared to have been reversed this week. The US currency traded in a narrow range yesterday around DM1.85, more than 5 pfennigs lower than earlier in the week.

The pound closed 2¼ pfennigs lower at 3.14 and nearly a cent lower at $1.69. On the Bank of England's trade-weighted sterling index the pound closed 0.3 lower at 75.6.

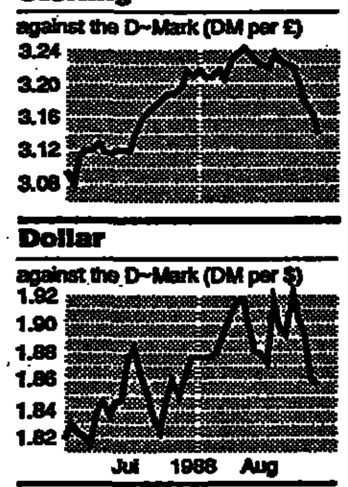
On Thursday the Department of Trade and Industry said that Britain had a current account deficit of £2.15bn in July. This was twice the level expected by financial markets and the highest ever monthly deficit in nominal and real terms.

Sterling

against the D-Mark (DM per £)

Dollar

against the D-Mark (DM per $)



The weakness of the pound, which failed to gain support from the rise in bank base rates to 12 per cent, undermined the confidence of domestic financial markets. It prompted speculation of further rises in interest rates should sterling weaken further.

A key concern in the minds of the authorities and the markets is the inflationary consequences of a fall in the value of the pound. Moreover, at current exchange rates, the authorities believe that UK industry is competitive on world markets.

UK share and government bond prices ended lower. Long-dated gilts closed nearly a point weaker to yield more than 9.9 per cent – their high-

Continued on Page 20

Editorial Comment, Page 6; Boundless appetite of the British consumer, Page 7; Wall Street, Page 11; Money Markets, Page 12; London Stock Exchange, Pages 12 and 13; Lex, Page 20

Lawson defends record

By Tom Lynch

THE GOVERNMENT yesterday moved to rally support for its economic policies as the Labour Party renewed its attack on the Tories' record.

Mr Norman Tebbit, the former Cabinet minister, joined Mr Nigel Lawson, the Chancellor, in going on the offensive against Opposition claims that the Budget tax-cutting strategy had fuelled a credit boom and encouraged imports.

Mr Lawson urged supporters to "keep your nerve" after Thursday's announcement of last month's record trade deficit and the consequent rise in interest rates. However, Mr Michael Heseltine, another former Cabinet minister, signalled unease over the availability of consumer credit.

Labour's attack was taken up by Mr Bryan Gould, shadow Trade and Industry Secretary, who said the trade deficit, generated by a credit-fuelled consumer boom, was "the inescapable mark of an economy which is uncompetitive; which is living beyond its means."

Mr Tebbit, former Conservative Party chairman, accepted that an earlier and sharper interest rate rise might have been desirable but said the international banks had acted last October to guard against a world recession after the stock market crash.

On BBC Radio 4 he admitted that the rises in mortgage costs, which had wiped out what many people gained from Budget tax cuts, would be a political problem for his party. However, he argued that voters would one day have the advantage of low interest rates as well as lower taxes.

Both Mr Tebbit and Mr Lawson emphasised that the economic effect of the tax cuts would take some time to work through, and both rejected a call by Mr Heseltine for credit controls.

Mr Heseltine, former Defence Secretary, said a selective means of controlling credit would be "appropriate in the circumstances," and suggested hire purchase as an area where controls might be available.

Mr Tebbit said such controls would be handy but doubted whether they could be effective. Mr Lawson was more dismissive, arguing that they would lead to unfairness – the financially sophisticated would find ways round them.

The Chancellor accused his critics of taking a short-term view, whereas the Government was committed to transforming the economy in the short and medium-term. The Budget top-rate tax cuts were "part of the process of making this country's economy a more dynamic and better performing economy, keeping people of real talent in this country."

His measures had been right and would deal with the problem, but it would take time. "People have got to keep their nerve. You will see in time that the situation will correct itself in a satisfactory way," he said.

Mr Gould last night delivered a point-by-point critique of Government claims on the economy in a speech in his Dagenham constituency.

Continued on Page 20

Gulf talks close to breakdown

By Andrew Gowers in Geneva

NEGOTIATIONS between Iran and Iraq on ending the Gulf war ran into serious trouble yesterday when an old dispute about control of the strategic Shatt al-Arab waterway resurfaced. The waterway delineates the southern frontier of the two countries.

Mr Tariq Aziz, Iraq's Foreign Minister, demanded that a ceasefire line be established along the east bank of the waterway, over which Baghdad claims full sovereignty.

Speaking during the second day of talks at the United Nations European headquarters in Geneva, he said this was necessary before he would agree to a timetable of steps to consolidate the Gulf ceasefire.

Mr Ali Akbar Velayati, his Iranian counterpart, countered by restating that Iran believes any settlement should be based on the 1975 Algiers agreement between Iran and Iraq. This provides for shared sovereignty, with the border running along the Shatt's deepest channel. Iraq maintains that the agreement is null and void.

The implication of Iraq's attitude is that ceasefire lines should be drawn along both banks, with the waterway left as a no man's land pending resolution of its status.

Iraq was seen as hardening its already uncompromising stand by raising the Shatt al-Arab issue at this early stage thereby opening the risk that the talks could become bogged down over a border which the two countries have disputed for at least 150 years.

One UN official said: "This is going to be a tough one." A Western diplomat added: "The Iraqis are showing no willingness to budge and are increasing the level of their demands. The UN negotiating team is not optimistic."

The Shatt al-Arab, a 200-km stretch of water which marks the confluence of the Tigris and Euphrates rivers, is of great importance to Iraq, which has no other outlet to the Gulf. The waterway has traditionally had great symbolic importance as an indicator of the power balance between Iran and Iraq and it was a factor in the outbreak of war in September 1980.

Iraq has persistently maintained that it only signed the 1975 agreement under duress and says it now wants to regain control of the waterway as a symbol of moral victory.

Baghdad has been unable to use the waterway since the early days of the war and has had to build a pipeline network to export its oil. The Shatt is now blocked with silt and sunken ships and would take at least a year to clear.

Diplomats and UN officials had been hoping that the issue could be left to a later stage. They felt this would allow the first round of negotiations to focus on agreeing a timetable for withdrawal of troops to the internationally-recognised land frontier, the exchange of prisoners of war and the creation of an impartial body to inquire

Continued on Page 20

Jaguar profit more than halved

By John Griffiths

A SLIDE in first-half profits at Jaguar, the UK luxury car maker, yesterday exceeded even the most pessimistic forecasts. They fell by more than half at the pre-tax level, to £22.5m from £45.7m, in spite of a 14 per cent increase in turnover to £587m.

The figures were accompanied by a warning from Sir John Egan, chairman, that full-year results would also be down "significantly" and that trading conditions would remain difficult throughout 1989.

Sir John said the dollar's weakness and sterling's relative strength against other currencies had been directly responsible for a £30m reduction in first-half profitability. Much of this was accounted for in the US, which makes up about 43 per cent of Jaguar's expected 53,000 sales this year.

There was immediate speculation in the City about whether the company would be able to retain its independence when the UK Government's "golden share," aimed at preventing a hostile takeover, is terminated in just over two years.

Jaguar is also to embark on a costs-reduction programme aimed at saving £50m in each of the next three years, in addition to plans to lose 1,200 jobs over the same period through natural wastage.

Sir John stressed the programme was aimed at eliminating waste through improved management practices

Some brokers' analysts immediately cut their forecasts for the current year to as low as £40m – compared with predictions of £100m in March and even £130m at the end of last year. Jaguar's pre-tax profits for all of last year were £97m.

Jaguar, which maintained its interim dividend at 3.7p, saw its share price last night close 12p lower at 252p.

Dollar pulls Jaguar's teeth, Page 8; Lex, Page 20

Weekend FT

PAPAL POLITICS

Inside the Vatican, even the Pontiff is not immune to criticism by the power brokers who run the Roman Catholic Church's bureaucracy.

PI

FINANCE

Investors face dilemma over new compensation fund

PIV

TRAVEL

The oasis by the Pacific: Keith Wheatley on San Diego

PX

HOW TO SPEND IT

...on pots and pans that last

PXIII

BOOKS

Alger Hiss revisited

PXIV

ARTS

Andrew Clements on an important new opera at Edinburgh

PXV

MARKETS

STERLING
New York lunchtime: $1.6895
London: $1.69 (1.6995)
DM3.14 (3.165)
FFr10.66 (10.755)
SFr2.65 (2.67)
Y226 (226.5)
£ index 75.6 (75.9)

GOLD
New York: Comex Dec $440.9
London: $431.75 (433.5)

N SEA OIL (Argus)
Brent 15-day Sep $14.56 (14.675)

Chief price changes yesterday: Page 20

DOLLAR
New York lunchtime:
DM1.858
FFr6.303
SFr1.565
Y133.8
London:
DM1.8585 (1.863)
FFr6.3075 (6.3275)
SFr1.5665 (1.571)
Y133.7 (133.3)
$ index 99.2 (same)
Tokyo close: Y133.5

US LUNCHTIME RATES
Fed Funds 8⅛%
3-mo Treasury Bills: yield: 7.55%
Long Bond: 96⅜ yield: 9.43%

STOCK INDICES
FT-SE 100: 1,770.7 (−9.5)
FT Ordinary: 1,425.4 (−7.2)
FT-A All Share: 921.88 (−0.8)
FT-A long gilt yield index high coupon: 9.59 (9.46)
New York lunchtime: DJ Ind. Av. 2,012.98 (+2.13)
Tokyo: Nikkei 27,565.41 (−308.03)

LONDON MONEY
3-month interbank: closing 12 3/16% (11⅞)

CONTENTS

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OVERSEAS NEWS

France reports expected rise in unemployment

By Ian Davidson in Paris

THE French Government yesterday published figures showing a sharp deterioration in the unemployment rate.

Registered unemployment rose in July by 1.4 per cent, or 35,300 extra out of work, bringing the seasonally-adjusted total to 2,613,500. This was the third successive monthly increase in unemployment following a period in which it seemed to have stabilised and employment appeared to have been on a rising trend.

The new Socialist Government predicted the increase in unemployment, which it has blamed on the policies of its right-wing predecessor.

Immediately after the presidential election in May, Mr Michel Rocard, the Prime Minister, forecast that the jobless total would rise by about 250,000 during the next three months, because the fixed-term contracts for training and special work schemes, multiplied by the conservatives before the election, would expire during the summer.

This week, however, Mr Jean-Pierre Soisson, the centrist in charge of the Labour Ministry, has scaled down Mr Rocard's forecast. He said the Government would introduce a programme of training and special work schemes and forecast that the increase in unemployment this year could be contained at 100,000 or 150,000.

As a result of a downward revision of the statistical series, the unemployment rate is now given as 10.4 per cent, compared with 10.1 per cent in April. The problem is that the underlying rate of French unemployment is likely to rise substantially for demographic reasons. A recent study predicts that it will rise to 11.6 per cent by 1990 and will continue to increase to nearly 16 per cent in the year 2000.

Meanwhile, July's poor trade figures, with a deficit of FFr3.4bn (£316m), have rekindled anxiety over the competitiveness of French industry. They were considerably worse than in June (a deficit of FFr900m) or than in July 1987 (a deficit of FFr3.1bn), and bring the trade balance for the first seven months of the year to FFr14.8bn.

Government comment has picked on the fact that only two Airbus aircraft were sold in July compared with seven in June; however, the global total for industrial products showed a deficit in July of FFr4.1bn, outweighing the surplus on agro-food products of FF3.5bn.

● Reuter reports from Noumea, New Caledonia: Mr Rocard yesterday urged rich settlers in the troubled territory to give its indigenous people a bigger share of the prosperity.

"The only way to escape violence and civil war is to turn the page on an unfair system where a single city dominates the rest of the territory and a single community dominates all others," he said.

Mr Rocard flew to the tropical Pacific territory to bolster a peace accord signed in Paris last weekend by leaders of its rival communities – indigenous Kanak separatists and settlers loyal to France.

Italian banks raise loan rates

By John Wyles in Rome

ITALIAN banks began raising their loan charges yesterday after Thursday's increase from 12 to 12.5 per cent in the Bank of Italy's discount rate.

This is the first time the rate has been raised for a year and was prompted not only by Thursday's increases in the UK, France and West Germany but also by a desire to damp down domestic demand. The Milan stock market took the move largely in its stride, losing just 0.37 per cent.

According to Mr Giuliano Amato, the Treasury Minister, incomplete trade figures suggest that imports in May were 17 per cent higher than the same month last year, while bank loans have soared by 18 per cent in the first half of the year. The Government's monetary policy targets for the year allow for only a 10 per cent increase in bank loans.

The discount rate increase is an important signal to the banks that the Government wants to avoid reintroducing administrative controls on bank loans. There is some evidence that banks had been raising their liquidity and their loan activity in anticipation of a new "corset".

The Government has also raised the yields on a medium-term bond issue for due at the beginning of September, a reminder of the costly impact of higher rates on Italy's public debt, which is now approaching L1 trillion (£420m). Mr Amato will seek to use higher debt servicing costs to press spending Ministers to agree to spending cuts in the 1989 budget now being prepared.

Mr Amato has programmed a deficit target for next year of L115,000bn against a possible outcome on unchanged policies of L145,000 – 150,000bn. The Italian Cabinet met yesterday for its first discussion of spending cuts as a preliminary to producing a draft budget by September 23.

Finland unveils plans for budget and tax reforms

By Olli Virtanen in Helsinki

THE Finnish Government yesterday unveiled proposals for next year's budget and comprehensive tax reforms which will cut direct taxes and broaden the tax base.

The budget will grow by 2.5 per cent in real terms to FM124.1bn (£16.5bn), above the target growth of 1 per cent set by the Government.

Finance Minister Erkki Liikanen said Finland's external debt would come down from 14.9 per cent to 13.7 per cent of gross domestic product this year and to 13.4 per cent in 1989.

The highest marginal tax bracket, for annual income of more than FM250,000, will be cut from 51 per cent to 44 per cent next year and to 40 per cent in 1991.

Taxes on many benefits-in-kind, including company cars, will increase and allowances will be reduced. The Government estimates that personal taxation in all brackets will be 0.7-0.8 per cent, or FM100, a month per family lower, in 1989 than this year.

Corporate tax will come down from 33 per cent to 28 per cent in 1990. The Government also proposes a change in 1990 to the system under which companies have to pay tax on dividends.

Undervaluing of securities will be cut from 40 per cent to 20 per cent in 1989 and to 10 per cent in 1990. The budget and the tax reform are also aimed at helping stabilise the Finnish economy, which is overheating rapidly. Consumer prices are expected to rise 6.5 per cent by the end of this year compared with 3.7 per cent last year.

Earlier this week the Government and labour market organisations agreed on a comprehensive package which will increase real income by 2.5 per cent next year by tax cuts and nominal wage increases of 1 per cent.

Africa worse off today than in 1985, UN told

By Michael Holman

A BLEAK assessment of Africa's economic crisis was set out yesterday by Mr Javier Perez de Cuellar, the UN Secretary-General, who warned that the continent is worse off today than it was in 1985, when a five-year recovery programme was launched.

In a report prepared for a UN meeting next month, which reviews developments over the three years since a special session of the General Assembly met to consider the continent's crisis, the Secretary-General said that Africa's debt as a percentage of exports has been rising sharply.

In 1965 it was 214 per cent, or $174.4bn, and last year reached 295 per cent, or $218.1bn.

Economic growth in the 1980s lagged behind population growth, and per capita income was lower today than in 1980.

The report calls for an urgent increase in bilateral assistance, a resumption of export credit cover, and greater private investment.

Although many governments had made "impressive" efforts to reform their economies, others needed to pursue reform with more vigour. Some governments had not yet begun reappraising economic policies.

A major obstacle to the continent's recovery was the burden of external debt. "Debt service obligations estimated at $29bn in 1987 are projected to reach $45bn a year by 1995."

IMF set to approve new type of loan

THE International Monetary Fund said yesterday it was ready to start approving a new type of loan, AP-DJ reports from Washington.

The "Compensatory and Contingency Financing Facility" (CCFF) would allow financially-pressed member-countries to "maintain the momentum of IMF-supported growth-oriented economic adjustment programmes in the face of unexpected adverse economic shocks".

Such loans will be considered on a case-by-case basis, with the amount of each credit determined by a formula keyed to the size of a borrowing country's regular IMF quota or subscription.

The external-contingency lending programme is to be linked with the IMF's old compensatory-financing programme set up in 1963 to help member-countries deal with sudden declines in export earnings.

For an IMF member-country to qualify for the new type of external contingency loans, it would also need to have in place an "associated arrangement", such as an economic adjustment loan agreement with the IMF.

The basic outline of the new-type IMF lending programme was approved by finance ministers and central bankers of member-nations during the meeting in Washington last April of the IMF policy-making interim committee.

In addition to such "external shocks" as higher world interest rates, "external contingencies" might include an unexpected slump in export prices.

They might also include an upward surge in prices for industrial machinery and other goods imported by the developing countries, a sudden drop in tourist receipts, or a fall in money sent home by workers who are temporarily living abroad.

Fed 'put under pressure by Sprinkel'

THE US Senate Banking committee says the Reagan administration is putting excessive pressure on the Federal Reserve Board to increase the growth of the US money supply, Reuter reports from Washington.

"The committee finds that since. . . October 1987, the Federal Reserve has come under excessive political pressure from the administration," the Democratic-controlled committee said in its annual monetary policy report. Four Republican committee members dissented.

The majority report said Mr Beryl Sprinkel, chairman of the President's Council of Economic Advisers, had made repeated attempts to influence Fed policy through comments to the press and in the 1988 White House economic report.

"Also, Assistant Treasury Secretary Michael Darby wrote a letter to the governors of the Federal Reserve Board and the Reserve Bank presidents on the FOMC just before the February meeting suggesting that money growth was too slow," the report said.

The four Republican senators said: "All the available evidence suggests that if concern about dollar depreciation was a factor in the tightening of monetary policy during spring and summer 1987, it was due to Federal Reserve officials' concerns about possible inflationary effects and not due to any administration pressure or agreement."

US personal incomes rise but spending eases

US PERSONAL incomes rose by 0.6 per cent in July, maintaining the trend since the beginning of the year, Anthony Harris reports from Washington. But the growth of spending eased sharply, after two months of high spending supported by large tax rebates in May.

Personal saving, which had dipped during the buying spree, appears to have returned to about 4¼ per cent of disposable income, a full percentage point higher than in 1987. This recovery in saving has been an important factor in making room for an improved trade balance.

The one potentially disturbing factor in the detailed estimates published by the Department of Commerce yesterday is the rapid growth of wages and salaries in the service sector, at an annual rate of more than 12 per cent in recent months.

It is here that labour shortages have begun to appear, due to the rapid fall in the number of teenagers entering the labour market.

Hope grows for new US-Soviet agreement on grain exports

By John Lloyd in Moscow

TRADE sources in Moscow have voiced cautious confidence that a new agreement between the Soviet Union and the US on grain exports can be settled in the next month.

The current five-year agreement expires on September 30, and one more meeting, the fourth of the present series, is planned soon. The negotiations have been headed by ambassador Allan Holmer, the deputy US Trade Representative, and Mr Yuri Chumakov, deputy Minister for Foreign Economic Relations.

The present estimates (by the US Department of Agriculture) for the Soviet grain harvest this year is 210m tonnes, a figure recently revised downwards from 215m tonnes. That would leave an estimated shortfall of at least 25m tonnes to cover from grain imports.

The US was the largest exporter of grain to the Soviet Union last year, shipping 9.05m tonnes. Canada was the next biggest, with 6.1m tonnes, followed by France, with 4m.

This week, the New York Times quoted Mr Thomas Kay, head of the foreign agricultural service at the Department of Agriculture, as saying: "We will finalise an agreement at our next negotiating session."

The indications are that Soviet purchases on the world grain markets will be relatively large. The Soviet leadership has placed high importance on the satisfaction of consumer demands, and bread rationing would be an uncomfortably graphic display of shortage this winter.

Comment in the Soviet media and speeches by leaders point to a relatively good, but not bumper, harvest. Many regions report good prospects, but others have had either too much rain or too little.

● Lease contracts – under which agricultural workers and their families can lease farms for up to 50 years – are now in use in more than 10,000 collective and state farms, one out of five nationwide, according to the state agro-industrial committee Gosakroprom.

Gosakroprom said a new wave of transfer of land and other means of production to leaseholders was expected.

In a grim reminder of the past, however, the Communist Party newspaper Pravda yesterday published an assessment of Stalin's drive to collectivise agriculture which said that in liquidating the kulaks, the richer peasants, he destroyed "the most important elements of the productive forces of agriculture" and ensured famines.

Collectivisation "took place in an atmosphere of unbridled force and was accompanied by violence against the peasantry and led to many human victims."

Co-op tax of 20% proposed

By John Lloyd

LEADERS of the Soviet co-operative movement have proposed a personal income tax for members and workers lower than the standard rate in most Western economies, including Britain.

Their proposal, with others, will go to the Supreme Soviet this year or early next. The rate of tax on co-ops is a highly contentious issue: a Ministry of Finance proposal that it rise as high as 90 per cent was withdrawn under a storm of protest, but no other figure has been fixed to tax what amounts to the country's first substantial "private" sector since the 1920s.

Mr Ivan Yefremov, chairman of the Uspekh co-operative in Moscow, said yesterday that 100 co-op chairmen had proposed a "civil tax initiative" scheme for co-op members and workers of 20 per cent of all incomes over Roubles 100 (£93) a month, plus Roubles 100 allowance per dependent.

Tax rates for workers in the state sector – the vast majority – are at present between 8 and 13 per cent, depending on earnings.

The 20 per cent level, he says, would be sufficient to pay the costs of state expenditure on co-op members and their families: "The optimum tax rate is one that combines the highest earnings for the national budget with the least loss of personal income," Mr Yefremov said.

Taxes on co-operatives themselves were a tax on collectivism, which ran counter to the very concept of socialism - and such a tax would only be justifiable if the local soviet was sharing the co-op's profits as well as losses. Co-ops, though regularly praised as a means of reviving initiative and skills as well as producing goods and services in short supply, are currently experiencing a "waning of enthusiasm", according to Mr Yefremov.

"[Co-op workers] have been curtailing production and raising prices. Increasingly, they have been trying to buy products on the black market and sell their products on the side. The staffs of co-operatives have begun to enlarge.

"The past quarter has seen the output of the co-op sector go down from Roubles 380m to Roubles 320m."

Mr Leonid Abalkin, one of the best known of the new wave of Soviet economists and director of the Economics Institute at the Academy of Sciences, has supported Mr Yefremov's general line.

He says researchers at his institute "came to the conclusion that a personal income tax should not exceed 25 per cent if it is not to be a brake on the co-operative movement."

The Soviet Union has granted broad powers to Interior Ministry troops in a little-publicised decree which political activists say will spark a scandal among supporters of Kremlin reform, Reuter reports from Moscow.

The decree authorises Interior Ministry troops to search the homes of suspected lawbreakers without a warrant, to suppress mass demonstrations and work stoppages, to conduct spot identity checks and to use firearms in exceptional cases.

Adopted by the Presidium of the Supreme Soviet, the highest state body, on July 28, the decree has not been published in the mass media.

Israel extends Palestinian clampdown

By Andrew Whitley in Jerusalem

AN Israeli clampdown on Palestinian professional organisations accused of helping maintain the uprising in the occupied territories was extended yesterday, with the closure of a trades union centre in Arab East Jerusalem.

The action is expected to aggravate existing tensions between Israel and the US over the harassment of trades unionists and middle-class Palestinians whom the Reagan Administration feels should be engaged in a dialogue, not forced underground.

Israel's Trade and Industry Minister, Mr Ariel Sharon, responded angrily yesterday to reports that Mr Clayton Yeutter, the US Special Trade Representative, was considering reviewing a bilateral Free Trade Agreement, after complaints by Arab-Americans about the treatment of Palestinian trades unionists.

Armed police raided the Palestinian Professional Associations Centre in the Beit Hanina district yesterday, seizing papers and sealing the building.

The premises were closed down for a year.

Poles seek way out of stalemate

Dialogue may be the only possible solution, Leslie Colitt writes

STRIKING Polish coal miners, shipyard workers and dockers have failed, despite the most serious labour unrest since 1981, to achieve either of their main aims.

They have been unable to force the Government to legalise the banned Solidarity union or to topple General Wojciech Jaruzelski, the Polish party leader.

Although still firmly in power, the present leadership is licking its wounds, which ironically were inflicted only a month after Mr Mikhail Gorbachev, the Soviet leader, visited Poland and bestowed his blessing on Gen Jaruzelski's reform policies.

The latest wave of strikes had its roots in the Stalinist past and cannot be blamed on Mr Gorbachev. While Soviet TV news this week carried Polish television coverage of the strikes, Warsaw TV flashed excerpts of the strike coverage from Soviet TV. The aim: to show Moscow appeared confident the strikes in Poland would not get out of hand.

Mr Gorbachev's green light for reforms in Poland may, however, have come too late. A large body of Polish public opinion is convinced that no Communist government is capable of reforming itself.

At the same time, Poles are weary of endless calls by opposition radicals to storm the ramparts of state "power". The militant young workers who led more than 10,000 miners in Silesia and 5,000 workers at the Baltic coast into occupation strikes were unable to rally most Poles to their cause.

Whether in the coal mines of Jastrzebie or in the birthplace of Solidarity in Gdansk, Poles were too busy struggling to make ends meet to heed the strike calls.

Wage demands of zloty 100,000 monthly by the miners without Saturday and Sunday shifts evoked little sympathy among other Polish workers who earn an average Zl 40,000 (£52) monthly.

But even where there was sympathy for the wage demands, the call for Solidarity's legalisation fell largely on deaf ears. If nothing else, wives attempting to sustain a family with 50 per cent inflation and few goods kept their husbands from joining the strikers.

Predictably, some Polish officials gloated over the passivity of their countrymen, who ignored appeals to strike for the second time this year.

But the leadership's own predicament has scarcely changed. Most Poles remain staunchly opposed to the "system". Gen Jaruzelski remains unpopular and the Polish Army's prestige has evaporated.

The Government's price rises last February left Poles deeply suspicious of what the authorities call the second phase of economic reforms. The first phase, which began in 1982, left the population with the impression that little had changed except prices.

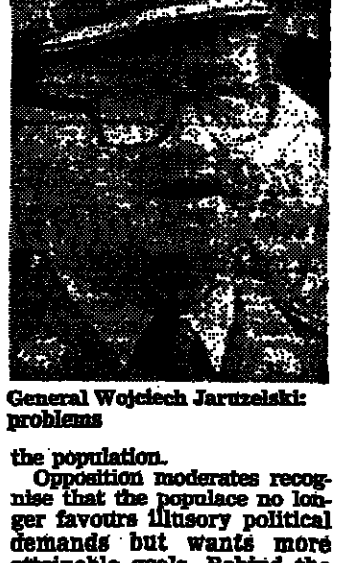
Equally important, the leadership's vaunted new goal of a dialogue with "society" – the majority of disaffected Poles – appeared as difficult to achieve now as before the strikes.

Militant young strike leaders are more embittered than ever while the authorities have until this week refused even to speak with the relatively moderate Solidarity leader, Mr Lech Walesa, a man no longer seen as a key player.

Without a dialogue to achieve some form of national consensus, Gen Jaruzelski knows the sweeping economic reforms needed will remain so much paper.

Senior Polish officials held talks with Mr Bronislaw Geremek, an adviser to Mr Walesa, this year, but typically the outcome was stalemate.

With the ebbing of the second wave of crippling strikes, only a glimmer of hope now exists that contacts will come about between influential Poles on either side of the gulf separating state "power" from the population.



General Wojciech Jaruzelski: problems

Opposition moderates recognise that the populace no longer favours illusory political demands but wants more attainable goals. Behind the moderates stands the Polish Catholic Church, which yesterday, although critical of the Government, called for peaceful dialogue to end the conflict.

While individual bishops and priests were permitted to voice opposition to the Government and support for the strikers, the Polish episcopate under Cardinal Jozef Glemp has little interest in a radicalisation of the situation.

Thus Father Stefan Czarnecki, a pro-Solidarity priest in Jastrzebie, broke through a police barrier around his church. Prevented from attending to the religious needs of striking miners, he went into the streets to give Communion to passers-by. Legends in Poland arise from such actions.

But romantic insurgency is remote from the economic squeeze facing most Poles today. A used Polski Fiat which cost Zl 4m [illegible] 200) a month ago now sells for Zl 5.5m (£7,180). Houses and property in Warsaw are being sold only for hard currency.

Millions of Poles have taken to selling or bartering whatever they can. Sidewalks are crowded with pensioners who have become pedlars.

Sometimes it seems every second Pole wants to set himself up in private business. The Government has encouraged expansion of the private sector, where fortunes are being made and taxes are low.

In addition to the 4.8m private farmers, 1.2m people work in the non-agricultural private sector and the number is growing.

Small-scale private enterprise, however, has been unable to improve the supply of affordable food and consumer goods.

Millions of young Polish school-leavers face the bleakest employment prospects in decades. Many consider emigrating to the West as the only alternative.

Economic conditions and the apathetic mood of the population could scarcely be less auspicious for the second stage of the Government's economic reforms, under which wages are to be based on performance, and companies and individuals making high profits would be allowed to retain them.

While officials a few years ago were speaking of attaining a market-oriented economy by the end of the 1990s, they now predict it will take many more decades. A restructuring of Polish industry towards higher-technology production and away from subsidised coal and the power-hungry steel and heavy engineering industries is unfeasible, they insist.

Most important, though, moving the economy out of its deep rut would entail sacrifices on the part of a population which feels permanently victimised by the Government. In this seemingly intractable situation, a dialogue between "them and us" appears the only possible solution.

Peking backs Kampuchea peace force

By Peter Ellingsen in Peking

CHINA has backed plans to send a peace-keeping force and international supervision committee to Kampuchea to ensure the establishment of a four-party coalition government headed by Prince Norodom Sihanouk.

Chinese leader Zhao Ziyang told visiting Japanese Prime Minister Noboru Takeshita that while Vietnam was showing some "flexibility" in withdrawing its troops from Kampuchea, international supervision was necessary to guarantee a complete pullout.

China and the Soviet Union begin talks in Peking tomorrow optimistic that progress can be made toward a solution to the nine-year-old Kampuchean impasse.

Hint of progress in Korean meeting

Talks between North and South Korean parliamentarians were adjourned yesterday until after the Olympic Games in Seoul next month, with faint hints that progress may be possible later, writes Maggie Ford in Seoul.

Although it is clear that a change in attitude will be needed before the two sides can move forward, small concessions offered by both suggest that a basic structure for future meetings might be fairly easily agreed.

Angola talks set for fourth day

The south-western Africa peace talks in the Congolese capital of Brazzaville were expected to extend into an unscheduled fourth day as delegates continued efforts to reach agreement on the timetable for a Cuban troop withdrawal from Angola, writes Michael Holman.

The gap between South Africa's call for the 45,000-50,000 Cuban soldiers to be out of Angola by June 1 next year, and Angola's counter-offer of a two-year pullout, is the main obstacle to an agreement on Namibia's independence.

Perez de Cuellar plan for W Sahara

Officials from Morocco and the Polisario Front will discuss a UN plan for ending the Western Sahara war with Secretary-General Javier Perez de Cuellar in Geneva today, the UN said yesterday, Reuter reports from Geneva.

Mr Perez de Cuellar said on August 11 he had presented a plan for a ceasefire and referendum to end the 12-year guerrilla war and had asked for responses by September 1.

Arafat to urge UN role in West Bank

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, is likely this weekend to urge that the UN become more directly involved on the ground in the West Bank and Gaza Strip, scene of more than eight months of Palestinian riots against Israeli rule, writes Tony Walker in Nicosia.

Mr Arafat is due in Geneva today for a meeting with Mr Javier Perez de Cuellar, UN Secretary-General.

More discussions planned for Cyprus

George Vassiliou, the President of Cyprus, said yesterday that he had agreed with Turkish-Cypriot leader Rauf Denktash to hold two more rounds of talks to try to reunify the divided island, Reuter reports from Paris.

Mr Vassiliou said the two men would meet again with UN Secretary-General Javier Perez de Cuellar in New York in October or November.

Aquino says Marcos may return one day

Philippine President Corazon Aquino has accepted that Mr Ferdinand Marcos, the man she drove from power two years ago, might eventually return from exile in Hawaii, her spokesman said yesterday, Reuter reports from Manila.

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OVERSEAS NEWS

Australia has worst deficit since 1986

By Chris Sherwell in Sydney

AUSTRALIA has recorded its worst monthly balance of payments figures since October 1986, and its second highest ever, in a sharp reminder of the fragility of the country's external position.

Figures from the Bureau of Statistics yesterday showed a current account deficit for July of A$1.67bn (£745m), including the worst-ever merchandise trade deficit of A$662m.

The deficit marks a painful start to the financial year, and is double the average monthly level needed for the economy to meet the A$9.5bn deficit forecast for 1988-89, announced this week by Mr Paul Keating, Federal Treasurer.

Yesterday, Mr Keating acknowledged that the figure was higher than he had expected, but sought to play it down, calling it "aberrant" and a "hiccup".

Analysts noted that it was only one month's figure, but said it underscored the consequences of an overheating domestic economy and the perils for Australia of having zero contribution to growth from net exports.

On the foreign exchanges the Australian dollar lost ground, falling 0.5 of a point to 62.0 on a trade-weighted basis (1970=100). On the share market, the widely-watched All-Ordinaries Index slid more than 40 points to finish at 1,595.6.

A breakdown of yesterday's figures showed exports were down 3 per cent on a seasonally-adjusted basis, and had declined for the fifth consecutive month on a trend estimate.

A major factor in the poorer performance was a fall in the volume of wool exported, because of the low stocks now held by the Australian Wool Corporation. Exports of alumina and uranium were also down, as were coal exports because of miners' industrial action.

Imports on a seasonally-adjusted basis were up 10 per cent, while the trend estimate also showed a fifth consecutive decline. The main rises were in machinery and transport equipment, in line with increased investment.

Services showed an increased deficit, partly due to increased spending by Australians travelling overseas.

Pakistan Moslem League splits

THE Pakistan Moslem League, which most observers see as the main challenger to Ms Benazir Bhutto's Pakistan People's Party in elections scheduled for November 16, split yesterday, Reuter reports from Islamabad.

Analysts said Ms Bhutto stood to gain if the two PML factions fought each other at the polls.

The split followed weeks of reconciliation attempts in which Pakistan's acting President Ghulam Ishaq Khan was offered the party chairmanship as a compromise candidate.

The Moslem League governed Pakistan from 1986 to last May under Prime Minister Mohammad Junejo Khan. His government was sacked by General Zia ul-Haq on May 29.

The breakaway faction, described as illegal by Mr Junejo, includes the chief ministers of Pakistan's four provinces. The former governor of the Northwest Frontier Province, Fida Mohammad Khan, was elected as president and the powerful Punjab chief minister Nawaz Sharif was elected as secretary general.

The Moslem League was formed when Gen Zia lifted martial law at the end of 1985. A majority of MPs joined.

Interest rate rises satisfy Japan

Tokyo sees increases as victory for G7 policy, writes Ian Rodger

BANK of Japan officials were preening themselves yesterday after the co-ordinated official interest rate rises in several European countries on Thursday.

In their view, this was a victory for policy co-ordination led by the Group of Seven central banks, and it held out the prospect of currency stability for some time.

They denied reports that the bank had not been co-operating with other central banks in recent weeks when there was considerable selling pressure on the West German mark.

In fact, some analysts believe the bank was playing a subtle game, staying out of the dollar-yen market, but using dollars in the co-ordinated effort to buy marks.

"If that is what they did, it was quite clever, because attention was focused on their lack of intervention in the dollar-yen market," one private sector economist in Tokyo said yesterday.

It is being suggested that the Japanese central bank was afraid that if it had begun to sell dollars for yen, this would have given a clear indication to the market that the G7 countries wanted the dollar to fall. Then the dollar might have fallen further than anyone wanted.

Meanwhile, though the dollar was slightly stronger than G7 wanted, it could always be inferred that intervention was not working well because the Bank of Japan was not participating.

The question now is whether currency speculators will turn their attack from the mark to the yen. Differentials between Japanese interest rates and those elsewhere have widened, with the Bank of Japan's discount rate still only 2.5 per cent.

So far, the central bank is playing tough. There was "no imminent sign of inflation", a bank official said yesterday, and so no reason to change the current easy money policy.

However, if any imminent danger of inflation appeared, or if there was a concerted attack on the yen, the bank would intervene in the exchange markets and raise interest rates, or both.

To do so in the absence of these events would constitute an infringement of G7 co-ordination agreements, the official said.

What is curious is that it is now mainly private sector economists, rather than the central bank, who are expressing anxiety about inflation. They point to the continuing double-digit growth rate of money supply and to trends in industrial output, employment and consumer activity, all of which show that the economy

Noboru Takeshita

is moving at a rapid clip and nearing its capacity limits. For example, the number of job offers exceeds the number of applicants.

"We could be coming up against capacity pressures in November and December, and there could be considerable wage pressure," says Elizabeth Saccente, economist at brokers Citicorp Scrimgeour Vickers in Tokyo.

Bank of Japan officials respond by saying that money supply growth, although high, is falling. They acknowledge that the demand/supply balance is becoming tighter, but they point to what they call Japan's "safety valve" – imports.

Prices of many industrial and consumer products are significantly higher in the Japanese market than in other world markets. This is in part the legacy of a closed market and in part due to the reluctance of manufacturers and distributors to pass on the benefits of the high yen.

However, as import barriers have come down, prices of many products have come under pressure from increased imports. This has been especially true in cases where shortages developed, forcing prices up. In these cases, foreign suppliers tend to rush in – now positively encouraged by the Japanese authorities to do so – and force prices back down.

Last year, for example, prices of construction steel shot up as construction activity boomed and domestic supplies dried up.

It is difficult to measure just how much room there is in the economy for this sort of safety value to operate.

Mr Noboru Takeshita's Government seems happy with the new interest rate relationships. It believes the exchange rate will stay around Y135 to the dollar, a level at which Japanese export-oriented companies are comfortable and at which the Bank of Japan does not have to worry about defending the dollar.

Resign call to Seoul defence minister

By Maggie Ford in Seoul

CALLS for the resignation of the South Korean defence minister intensified yesterday following the arrest of four military intelligence agents charged with stabbing a journalist who criticised the military in a newspaper.

Opposition MPs in the National Assembly were joined yesterday by Mr Park Jun Byung, secretary general of the ruling party and a former general, in criticising the delayed investigation of the attack on the journalist.

Mr Park and the opposition said the military's initial denial of involvement was irresponsible. The four military officers confessed their guilt but claim no senior officer was involved.

Attacks on press freedom also led yesterday to the first ever strike by broadcasters at MBC, one of two state-controlled television stations. Journalists, backed by their colleagues at KBS, the other channel, demanded the resignation of their president and a say in the appointment of senior editors who control news output.

A spokesman for the ministry of information declared the strike illegal.

Mahathir suffers setback as rival wins by-election

By Roger Matthews and Wong Sulong

DR MAHATHIR Mohamad, the Malaysian Prime Minister, has suffered a setback with voters in a crucial by-election rejecting his new political party.

In the Johore Baru parliamentary by-election, Shahrir Samad, a former cabinet minister turned opponent, defeated the Prime Minister's nominee by a margin of about two to one. A third candidate, Razak Ahmad, leader of the small left-wing Socialist Party, lost his deposit.

The landslide victory for Mr Shahrir was greeted with shocked silence by supporters of the Prime Minister, who himself has not commented.

The by-election is the first test of popular support between the rival factions of the old ruling United Malays National Organisation since the party split in April last year.

The power struggle culminated with the courts declaring UMNO unlawful last February, after which Dr Mahathir formed his own party, New UMNO.

The 62-year-old Prime Minister had outmanoeuvred Tengku Razaleigh, his 51-year-old arch-rival, at every previous confrontation, but the Johore Baru results show their power struggle is not over.

A leader of one of his coalition parties, who estimated that less than a third of the Malays in Johore Baru voted for the Prime Minister's candidate, said: "Dr Mahathir must be very disappointed, as he had hoped to finish off the Razaleigh faction once and for all with a big victory in Johore Baru and to establish his new party as the legitimate successor to old UMNO."

Mr Shahrir, who was sacked by Dr Mahathir for supporting Mr Razaleigh, had forced the by-election by resigning his seat. He described his win as "a victory for the brave people of Johore Baru and for democracy". The results showed Malaysians wanted a change in the national leadership, he said.

The results are especially satisfying for Tengku Abdul Rahman, Malaysia's first Prime Minister, and a bitter opponent of Dr Mahathir. Although he is 85, and his eyesight failing, he had campaigned vigorously for Mr Shahrir from a wheelchair.

BZW pulls out as gilt options market maker

By Stephen Fidler, Euromarkets Correspondent

THE ONLY firm left making a market in the options contract on British government bonds on the London Stock Exchange's traded options market has decided to withdraw because of declining volumes.

Barclays de Zoete Wedd has informed the exchange that it will not make a market in options contracts maturing after next February. Exchange officials say they are seeking other candidates to act as a market maker in the contract, but admit that BZW's move will speed the review of the contract now under way.

At its peak, there were three market makers in the gilt options contract – BZW and Warburg Securities, successors to the former gilt jobbers on the stock exchange, and Smith New Court. Warburg pulled out first, and Smith followed earlier this year.

Volume in the contract peaked last November in the highly active markets which followed the stock market crash, when some 9,000 contracts were traded during the month. Volume has since fallen sharply and in July, only 941 contracts changed hands. Part of its problem has stemmed from the more active gilt options contract on the London International Financial Futures Exchange.

The move is likely to intensify calls for greater co-operation between the two exchanges. In June, Mr Francis Maude, the minister in charge of corporate affairs at the Department of Trade and Industry, prodded the exchanges into further co-operation. He told a futures industry conference that he was concerned "that the diversity of London markets – which is a real strength – will become a weakness. Market systems are not co-ordinated and do not work together."

Having discounted the imminent possibility of merger, the two exchanges say they are doing just that. As the traded options market is reviewing its gilt options contract, so Liffe is examining its options contract on the Financial Times-Stock Exchange 100 Index.

Other efforts at co-ordination include:

- The seeking of a common guarantor for contracts.
- The likely use by the Stock Exchange of the Liffe trade registration system.

Such issues, exchange officials insist, are more complex than they at first appear. Nevertheless, it is expected that some announcements about increased co-operation will be made next month.

Paging operators to merge networks

By Hugo Dixon

TWO OF the UK's paging operators have partially combined their operations in a series of moves designed to increase their effectiveness in a market dominated by British Telecom.

Air Call Communications and Digital Mobile Communications – the UK's two largest paging operators apart from BT – have decided to link their networks outside the south-east of England. As a result, Digital subscribers will be able to be bleeped via the Air Call network and vice versa.

The rationale for this move is to build a national paging network as quickly and cheaply as possible. At present, Air Call's network covers only 75 per cent of the UK's population, while Digital's covers 65 per cent.

The two companies are also activating a third paging licence in order to increase their capacity to supply pagers to customers in the south-east, where demand is the greatest.

This third licence was granted to a consortium of four paging companies in 1986, when the Office of Telecommunications decided that there should be more competition in the market. But the consortium, called Pagenet, initially did nothing with the licence and two of its members, Intercity and Pageboy, dropped out.

The surviving members, Air Call and Digital, have now decided to activate the Pagenet licence.

Pagenet will not, however, be an additional competitor selling pagers direct to the customer. Instead, it will sell its capacity to third parties – mainly Air Call and Digital.

There are about 500,000 pagers in the UK, over 80 per cent of which are supplied by BT.

The market is expected to grow by more than 20 per cent this year and Air Call and Digital are hoping to take market share from BT. Other operators include Mercury Communications and Racal Telecommunications.

SDP candidate

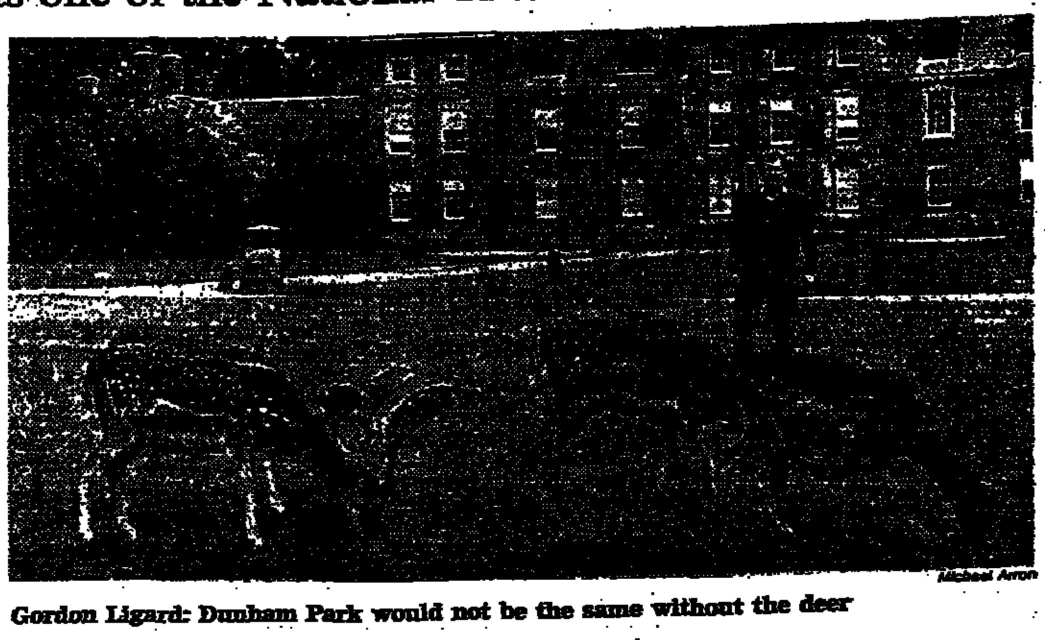
THE Social Democratic Party has selected its candidate for the by-election in Richmond, Yorkshire, which will take place after the resignation of Mr Leon Brittan, the former Cabinet minister, becomes a European Commissioner on January 1.

The SDP choice is Mr Mike Potter, 42, a farmer and Yorkshire county councillor.

It is not yet known when the by-election will take place.

Retreat from stress saves Dunham's deer

Peter Marsh visits one of the National Trust's lesser-known country estates



Michael Arron

Gordon Ligard: Dunham Park would not be the same without the deer

MR GORDON Ligard is feeling relieved. The head foreman at the Dunham Massey estate in Cheshire is in charge of a herd of some 200 deer which, a year ago, seemed in danger of being wiped out.

When last summer about 40 of the deer succumbed to a mystery virus triggered by stress, it appeared that 20th-century living had caught up with the herd, ancestors of which have been roaming the estate for the past 400 years.

Simple expedients, however, seem to have stopped the disease in its tracks. Mr Ligard and his co-workers at the estate have cordoned off a large area of parkland for the deer, keeping the public away.

Furthermore, dogs are no longer let into the park at Dunham Massey – which is owned by the National Trust and which the deer share with roughly 300,000 visitors a year – without being on a lead.

Less harassed by both people and other four-legged animals, the deer seem calmer. So far this year, only two of them have died – from old age rather than the virus.

Mr Ligard, who started looking after deer 11 years ago at the age of 31, is the first to admit he is not an expert on them. He took the job at Dunham Massey, which also involves maintaining a 3,000-acre estate of farms and cottages, from a background in the building industry.

Picking up advice where he can, Mr Ligard says he has grown to enjoy the job of tending the animals, which are kept in a 200-acre park separate from the rest of the estate. "The deer are certainly not a nuisance," he says. "Dunham Park would not be the same without them."

Mr Ligard and the deer are among a cast of characters who play their part in keeping alive the centuries-old traditions at the Dunham Massey estate. It lies about 12 miles south-west of Manchester, just beyond the point where urban sprawl meets the flat tranquillity of the Cheshire countryside.

The estate was for some 250 years owned by the wealthy Grey family, whose last male member, the 10th Earl of Stamford, died in 1976. After this it was handed as a gift to the National Trust, the charity which is the UK's biggest private-sector landowner.

The trust's job is to keep the estate ticking over in more or less the manner it has operated since the early 18th-century. Unlike most of the 200 or so properties owned by the Trust, Dunham Massey is self-financing. It has an annual income of about £400,000 which more than covers the cost of maintaining the buildings and land in the 3,000 acres and, of course, it pays for looking after the deer.

Any cash left over tops up a fund of some £2m which has been set aside under the Grey family's bequest to take care of the unexpected costs which may arise over the next few centuries.

Most of the income is in the form of rents from farmland and houses on the estate, with cash from visitors providing the balance.

Admission to the park is free, but about 50,000 people a year pay to gain admission to Dunham Massey House, a fine

red-brick building which for many years was one of the Greys' three family homes. The house is open to visitors from April to October. More money comes in from sales of souvenirs and simple meals, which are consumed in a tastefully converted barn.

In spite of these hints of commercialisation, the pace of life at Dunham is rarely anything other than relaxed. It is a long way from most of Britain's tourist attractions, and on an average day coach-loads of trippers are easily outnumbered by local mothers taking their toddlers for a walk.

Mr Ligard, who is one of about 30 people employed full-time by the trust at Dunham Massey, says he has always been interested in conservation. He took the job at the estate because of the challenge of "keeping something alive for perpetuity."

Sharing some of these ideals is Mr Peter Hall, who is in charge of the 20-acre Edwardian garden attached to the house at Dunham Massey. Mr Hall, 36, came to Dunham three years ago. He started his career in gardening by serving an apprenticeship at Windsor Great Park immediately after leaving school.

For much of the past 50 years the garden has been uncared for. Mr Hall's job, together with that of his three full-time helpers, is to restore it to the condition it was in during its period of maximum use in the early part of this century.

On the evidence of a recent tour of the garden, the quietly spoken Mr Hall has already achieved much. He says, however, that he does not want to be too fastidious about making the garden revert to its earlier appearance. "There must always be room for experimentation. I want to try to capture the feeling that the owner is still here trying out new ideas."

Asked when his job will be finished, Mr Hall is mildly contemptuous. "In 10 years we will be making headway. A garden is never finished."

The job of looking after Dunham Massey House is left largely to Mr Clive Alford, the custodian, who lives in the house's former servant quarters with his two children and wife Jennie. Mr Alford, a mild-mannered 40-year-old, has been at Dunham for eight years and says he is still learning things about it.

The house contains more historical objects than most other National Trust properties: testimony to the zeal with which the last Earl of Stamford collected items related to his family's past.

Mr Alford, who has tended country mansions non-stop since giving up his job in Blackwell's Bookshop in Oxford 13 years ago, is eager to point out to the visitor some of Dunham's 1,000 pieces of furniture, 1,000 textile items, 500 drawings and 250 sets of china – not forgetting the 16 silver chamber pots.

"This place is endless," enthuses Mr Alford. "My job is to show the house to visitors and make it interesting. But I can't deny that I love it in winter when there is no one here and we can have it to ourselves."

Investment adviser on theft charges denied bail

By Richard Tomkins, Midlands Correspondent

BIRMINGHAM magistrates yesterday rejected an application for bail from solicitors representing a Midlands investment adviser arrested earlier this week on theft charges.

Mr John Charles Miles, proprietor of Jonathon Charles Investment Management Services of Hagley Road, Edgbaston, Birmingham, faces three charges of stealing £92,000 from his clients.

Mr Miles, aged 51, of no fixed address, first appeared in court on Thursday but was remanded in custody overnight pending yesterday's application. He has been remanded in custody until September 2.

Meanwhile, Peat Marwick McLintock, the accountancy firm appointed by the Securities and Investments Board to investigate Mr Miles' business, said the number of inquiries received from investors suggested that Jonathon Charles may have had double the 180 clients estimated.

Mr Alastair Jones, the senior insolvency partner at Peat Marwick's Birmingham offices, said yesterday that Jonathon Charles' client list consisted predominantly of elderly or financially unsophisticated people who had invested between £3,000 and £5,000.

The total amount of money at issue is still the subject of speculation. However, West Midlands police believe at least £800,000 might be unaccounted for.

Peat Marwick said many clients had entrusted Jonathon Charles to hold insurance policy documents and unit trust certificates but it had been unable to trace them.

Any clients who lose money invested in Jonathon Charles will have no claim on the compensation fund set up under the Financial Services Act because the company had been given only interim authorisation under the act.

Mr Miles's arrest followed information uncovered by the Financial Intermediaries Managers and Brokers Regulatory Association during routine vetting of the company for full authorisation.

Extradition to N Ireland expected today

By Our Belfast Correspondent

EXTRADITION to Northern Ireland of Mr Robert Russell, who escaped from the Maze Prison near Belfast in 1983, was expected to go ahead today in spite of last-minute efforts to persuade the Irish Government to reverse its decision.

The Irish Anti-Extradition Committee appealed directly to Mr Charles Haughey, the Irish Prime Minister, to quash the extradition on the grounds that it was politically motivated.

Lawyers acting for Mr Russell failed in the High Court in Dublin yesterday evening in an attempt to halt his extradition.

All roads leading to the Irish border customs post at Killeen were sealed off by the Royal Ulster Constabulary and Gardai yesterday in anticipation of the scheduled extradition.

Sinn Fein activists and anti-extradition protestors gathered at the border to protest at the handing over of Mr Russell to the RUC. He is wanted in Northern Ireland for questioning in connection with the Maze Prison break-out in September 1983, in which one prison officer died.

Mr Russell, aged 30, from Ballymurphy, West Belfast, was serving 20 years for the attempted murder of an RUC superintendent when he escaped from the Maze.

Yesterday, demonstrators were kept well away from the main border checkpoint where it is expected that Mr Russell will be formally handed over to senior RUC officers. A three-year sentence he was serving in Ireland for attempting to escape from Portlaoise Prison expired at midnight.

The border security operation was one of the tightest yet mounted.

- The Foreign Office in London said yesterday that the Czech authorities had agreed to investigate whether Semtex explosive could be given a "fingerprint" to help security forces detect it.

Semtex, made in Czechoslovakia, is odourless and hard to detect. It is believed to have been supplied to the IRA via Libya and was used in recent bombings.

The Foreign Office said the Czechs had promised an answer on the technical aspects of "fingerprinting" the explosive, possibly by giving it a distinctive smell. Conventional plastic explosives have a characteristic smell that can be detected by bomb disposal experts. It added that the Czech authorities had also given an assurance that they had never knowingly sold Semtex to terrorists.

Industrial liquidity falls steeply

By Ralph Atkins, Economics Staff

THE LIQUIDITY of industrial and commercial companies fell to its lowest level for five years in the three months to June, according to Department of Trade and Industry figures.

High cash spending on acquisitions has helped reduce liquidity since the begining of the year, the department said. Companies have also used funds to pay dividends, tax bills and to finance capital investment.

The seasonally-adjusted liquidity ratio – the ratio of current assets to current liabilities – fell from 96 per cent in the first three months of this year to 84 per cent in the three months to June.

The figures cover selected assets and liabilities of large industrial and commercial companies. Current assets are defined as being realisable within a year and current liabilities as due within a year.

In the last three months of 1987, the liquidity ratio stood at 117 per cent.

Among manufacturing companies, liquidity has also fallen steeply since the beginning of the year. In the three months to June the liquidity ratio was 64 per cent compared with 78 per cent in the previous three months.

Figures for the current assets of industrial and commercial companies show a fall of £900m in the three months to June. This included cash, current and deposit accounts with banks, tax instruments and British government securities.

During the same period, current liabilities rose by £4bn. This covered bank loans in sterling and foreign currencies and commercial paper issued in the UK and overseas.

Imports of consumer electronics soar

By Hugo Dixon

IMPORTS of consumer electronics equipment into the UK soared in the first quarter of this year – a vivid example of the consumer boom affecting the balance of payments.

Imports of televisions, video recorders and hi-fi equipment in the first three months were all substantially higher than in the comparable period of 1987, according to figures published by the British Radio & Electronic Equipment Manufacturers' Association. The trend is thought to have continued in the second quarter.

In the first quarter, 490,000 colour TVs were imported, accounting for 51 per cent of the market, compared with only 251,000 (34 per cent) the previous year.

This surge in imports has taken place in spite of the fact that many leading Japanese electronics manufacturers are now making TVs in the UK.

According to Breema, cut-price products from Korea and other newly-industrialised countries in the Far East are taking market share from Japanese TVs made in the UK.

UK-made products still account for 70 per cent of the market for large-screen TVs, but only 32 per cent of the market for cheaper small-screen TVs.

Imports of video recorders reached 293,000 in the first quarter, an increase of 65 per cent on the previous year.

Only 36 per cent of the UK market is now being supplied by products made in the UK.

Sales of audio equipment were 251,000 – a 25 per cent increase. Breema does not separate imports from UK-made products, because virtually all audio equipment has been imported for some time.

Suspension rate increases

By Richard Waters

THE RATE at which investment businesses are being suspended from trading under the Financial Services Act increased at the end of last week, and looks set to continue to rise in the coming months.

The Financial Intermediaries Managers and Brokers Regulatory Association suspended two companies, bringing to nine the number against which it has taken action since the act came into force in April.

The Independent Solution, formerly known as Medical Insurance and Investment Services, a small life and pensions business based in Welwyn Garden City, was suspended yesterday under rule 17 of Fimbra's rulebook.

This prevents the company from entering any transactions or disposing of its assets without the regulators' approval.

A further rule 17 suspension was issued on Thursday against Soames & Company Financial Management, which is based in the West End of London.

Fimbra refused to disclose the reasons for the actions, and said it did not know how many clients would be affected.

Bekhor fully authorised

By Nick Bunker

A.J. BEKHOR, a stockbroker with 110 associates which have a total of about 60,000 private clients, learned officially yesterday that it has received full authorisation under the Financial Services Act.

Bekhor, with 12 offices, was one of the largest investment operations in the UK to remain with only interim authorisation from a self-regulatory organisation (SRO) after the Act came into force in April.

Ms Marilyn Nash, personal assistant to Mr Jonathan Bekhor, the firm's senior partner, said that the firm received a formal letter granting authorisation from The Securities Association, the stock market's SRO, yesterday morning.

"I think the delay in being authorised was because we had so many associate members, all of whom had to be investigated," Ms Nash said.

If Bekhor had still been operating with only interim authorisation after today, its clients would not have protected by the new financial services compensation fund.

This month, Mr Alan Read, Bekhor's company secretary, said delays in receiving authorisation were partly because of capital restructuring.

Deregulation warning given for European TV

By Raymond Snoddy

A LEADING French broadcaster last night warned of the dangers for European television of ill-considered deregulation.

Miss Christine Ockrent, until last month deputy director-general of the French channel TF1, told the Edinburgh International Television Festival that she had quit because she was appalled at the lack of effective regulation or common standards.

TF1, the French equivalent of BBC1, was privatised last year and is controlled by Bouygues, the French construction company, and Mr Robert Maxwell, the British publisher.

Miss Ockrent said the French broadcasting system had expanded from three to six television channels, but offered less genuine choice to viewers because of the rush to win the largest possible audiences.

Bound by the same commercial imperatives, the channels were scheduling the same type of programmes simultaneously.

"The costs for the limited amount of programmes available have soared, pumping money into purchases and not into production," Miss Ockrent said.

In the MacTaggart Lecture which opened the festival, she said the French situation "shows the many pitfalls of ill-considered deregulation."

Deregulation was necessary to expand the broadcasting industry, although it would inevitably damage standards.

Finding the code for a cordless connection

Hugo Dixon on crucial questions facing the DTI over the latest telephone technology

THE STRUCTURE of the new and potentially lucrative market for cordless phones that can be used in public places is in the final stages of being determined.

What is at stake is a market which some analysts forecast could be more important in financial terms than the cellular or "carphone" market – one of UK industry's success stories in the 1980s. There are also ambitions to sell the concept abroad, because the technology for cordless telephones has been developed in the UK.

But who should be allowed to participate in this market, how should competition between the players be regulated and how quickly should the service be extended to the public? The Department of Trade and Industry is due to answer these questions over the next few months.

Cordless phones promise to extend the advantages of mobility to the mass market. Unlike the present generation of cordless phones, which can only be used in and around the home, people will be able to use the new cordless phones in the street.

They will be considerably cheaper than cellular phones, which have remained a business tool. Although at the outset cordless phones will be more expensive than the normal residential phone service, prices are expected to fall with the result that the industry predicts 3m subscribers by the early 1990s.

TELEPHONE COSTS

	Domestic	Cordless	Cellular
Telephone handset	£25	£200	£700
Connection	£105	£50	£60
Annual subscription	£60	£80	£300
Call charges*	.10p	.25p	.25p

All figures approximate and ex-VAT. *National charges per minute but not strictly comparable because they vary according to length of call, time of day and distance

Industry sources

The disadvantage is that cordless phones will be less versatile than their cellular cousins. With cellular phones, you can make calls when you are on the move; to use a cordless phone, you will have to be within 200 metres of radio base stations which will be dotted around the country in prime locations, such as railway, bus and petrol stations.

With cellular, you can receive incoming calls; cordless phones will only be able to make outgoing calls, although users could be alerted to the fact that somebody wanted to get in touch with them via a paging device attached to their cordless phone.

The DTI has two main questions to answer:

- Who will be the players? It is likely that licences will be given to four companies – enough, says the DTI, to create a competitive market. The front-runners at this stage appear to be British Telecom, Mercury Communications, Racal and Ferranti – all of which have said they would like licences – although others such as GEC and Plessey may also apply to become operators.

The rationale for choosing BT and Mercury is that cordless telephones would be a natural extension of their mainstream phone services. Racal's claim to a licence rests largely on the fact that its Vodafone subsidiary has proved an extremely effective competitor to BT in the cellular market, while Ferranti's is that it pioneered the concept.

A tricky decision will be whether to give BT a licence. This is because all cordless phones operators will have to link their base stations to either BT's or Mercury's mainstream telephone networks.

There are fears that BT – and to a lesser extent Mercury – could charge the other cordless phone operators excessive amounts for using its network or cut its own cordless phone prices so low that it drove competitors out of business.

For this reason, Ferranti is arguing that BT should not be allowed a licence. It seems more likely, however, that the DTI will seek to secure fair competition in the market by requiring BT to treat all players equally and preventing BT from subsidising its cordless operations with profits from other activities.

- How will the various players connect their networks?

The DTI believes the service will only reach its full potential if there are tens of thousands of base stations dotted around the country so that customers do not have to travel far before they find one.

It is therefore insisting that subscribers to one network should be able to use their phones on all the other networks at no extra cost.

Although the industry has now agreed common technical standards which would allow one phone to be used on every network, no equipment conforming to this standard has yet been produced.

The question is whether the DTI should allow the service to begin now with the operators using the existing incompatible equipment or wait until new equipment has been developed.

Ferranti argues strenuously that the service should be introduced without delay so that the public can benefit.

It says it has already invested millions of pounds in research and development and a long delay would seriously compromise its operations.

The different networks, it believes, could be linked at a later stage, much in the same way that the banks are now linking up their networks of electronic cash machines only several years after they were installed.

GEC Plessey Telecommunications, however, which has ambitions to be a major manufacturer of cordless equipment, says the DTI would be "extremely foolish" to blow the starting whistle until new equipment was ready.

It thinks that starting with several incompatible standards would create confusion and make it more difficult for the UK to sell its concept of cordless phones overseas.

STC wins $10m fibre-optic cable contract

By Hugo Dixon

STC, the UK information technology company, has won a $10m (£5.9m) contract for the supply of an underwater telecommunications cable between Britain and the Netherlands.

The company said the 155km cable will be the world's longest fibre-optic cable not requiring electronic equipment in the middle to boost the telephone signals.

Fibre-optic technology has been advancing rapidly in recent years with the result that longer distances can be covered without the need to include electronic boosters, thus reducing the price of the systems.

The new cable will be jointly owned by Mercury Communications, British Telecom and the Netherlands telephone company.

UK NEWS — EMPLOYMENT

TGWU reaches settlement with Coca-Cola

By John Gapper, Labour Staff

ABOUT 1,300 production and distribution workers at Coca-Cola are to resume normal working next week after a settlement was reached in a dispute with the Transport and General Workers' Union over national agreements.

TGWU shop stewards yesterday recommended the ending of the two-week-old overtime ban and work-to-rule in the dispute, which the union said started after Coca-Cola and Schweppes had breached existing agreements.

The union is also involved in a row with the Amalgamated Engineering Union over a single-union deal at a new Coca-Cola bottling plant in Wakefield, West Yorkshire. That dispute has been referred to the Acas conciliation service.

The TGWU said Coca-Cola had agreed to abide by the terms of its national agreement until the end of March next year. The union had claimed the company intended to exclude two of its depots from the terms of the agreement.

The company declined to comment on the the peace formula, which followed TGWU claims that output had fallen by between 10 and 15 per cent. The union said there would be discussions on the national agreement over the next 18 months.

The union said its request for a joint forum to discuss issues involving more than one plant would be referred to Acas. It said the resolution of the dispute did not affect the row with the AEU over the Wakefield plant.

Mr Brian Revell, TGWU acting national officer, said: "Workers in the factories and distribution depots stood together and this has forced the company to honour its obligations under the national agreement."

The union earlier claimed that the company had said it intended to exclude plants at Enfield, north London, and Northampton from the national agreement. They believed this meant it might be seeking a single-union agreement there as well.

● Prison officers at Holloway had still not returned to duty yesterday despite attempts to negotiate a return following a provisional agreement reached with the Home Office last weekend to end a three-week strike.

The Home Office said it would be continuing talks over the bank holiday weekend and hoped the 280 officers would be back at work on Tuesday. It said the talks were over the small print of the agreement with the Prison Officers' Association (POA).

Mr John Boddington, a member of the POA national executive, said that the new proposed work schedules did not conform to the agreements reached last weekend. He said that briefing meetings had been cancelled.

Prison officers were still taking industrial action yesterday in separate disputes at Norwich prison, Strangeways prison in Manchester, and Liverpool and Wandsworth prisons. The disputes are over staffing levels and overcrowding.

Electricians in bitter exchange with Willis

By Our Labour Correspondent

RELATIONS between the TUC and the EETPU electricians union continued on a downward spiral yesterday, with a bitter exchange between Mr Norman Willis, the TUC's general secretary, and Mr Eric Hammond, the EETPU's general secretary.

The EETPU is almost certain to be expelled from the TUC next month over its refusal to accept TUC instructions to withdraw from two single-union, strike-free agreements.

Earlier this week, Mr Willis wrote to the EETPU, raising the TUC's concern that it was contacting "breakaway unions" with the aim of forming an alternative union centre. Mr Willis said he did not know of any other TUC affiliate which was contacting breakaway unions. The EETPU is suspended until Congress and is still a TUC affiliate.

Mr Hammond yesterday wrote to Mr Willis saying that the GMB general union had contacted Fumpo, the local government officers' union, which is not TUC affiliated.

Mr Willis, in a letter to Mr Hammond, said that it was not his impression that Fumpo was a breakaway union.

Return to work for the holiday strikers

Michael Smith on the ending of the year's most surprising and damaging dispute

WHEN employees of VSEL, the submarine builder, voted this week to return to work the end was in sight to probably the most surprising strike of 1988.

Surprising, both because of the length of time it lasted — its 11-weeks duration caused considerable hardship in Barrow-in-Furness whose economy is highly dependent on the company — but also because of the dispute over holidays which sparked it.

A glance at the Department of Employment's list of reasons for strikes in 1987 reveals that pay was the most common factor, accounting for 82 per cent of the 3.55m lost days. Strikes over holiday arrangements do not rate a mention.

Yet at VSEL's main yard in Barrow-in-Furness, more than 12,000 workers gave up at least £1,100 each in take-home pay to protest against the company's introduction of a fixed two-week holiday in the summer.

To the surprise of almost everyone, the strike turned out to be the most damaging in Britain so far this year in terms of days lost. In the end the strikers came out with little: although the holidays will now be phased in over three years, the compensation package, including a £250 one-off payment and one to two days extra holiday a year, will not make up for the loss in pay and some of it could have been achieved without a strike.

Employees of the Barrow-in-Furness yard of VSEL, the nuclear-powered submarine builder, have voted overwhelmingly to end their 11-week strike.

In a secret ballot, the final results of which were announced yesterday, 7,604 were in favour of a return to work with 2,259 against.

Some employees will be returning to work over the weekend to ensure that equipment will be ready for use. Most employees will go back on Tuesday.

Back to the slipway: launch of a Type 2400 submarine at VSEL, Barrow-in-Furness

This should cause any other group of workers who are considering taking industrial action to pause for thought. However, industrial relations experts who comb Barrow-in-Furness for any wider implications of the strike are likely to come away with slim pickings.

The VSEL strike was a special case. First, there are few signs that other companies want to follow it in introducing fixed summer holidays. Indeed the trend may be in the other direction. British Coal, for example, wants union agreement for ending the practice of staff taking their summer break at the same time.

Second, the VSEL strike was not a symptom of any general deterioration of relations between management and workers throughout Britain. During the Ford motor company strike in February there was speculation that the dispute might herald a more bumpy period of industrial relations in which workers, cushioned by falling unemployment rates, rising productivity and healthier profitability, would flex their muscles on companies which wanted low pay settlements or more flexible working practices.

Although the Ford strike was followed by lengthy stoppages at Land Rover and Lancashire cotton spinning mills of Courtaulds, there is no sign that the VSEL dispute could make strikes elsewhere more likely.

The VSEL total of working days lost through the strike will exceed 680,000. If that were to be the largest figure of any strike this year the chances are that last year's UK total of 3.5m would not be surpassed in 1988. More than 1.5m of last year's total was accounted for by the two-week strike by British Telecom engineers.

The third unusual factor in the Barrow dispute was VSEL's dominant position in the local economy. It employs about 13,500 people, in a town of 70,000, and its weekly wage bill is more than £2m.

Meanwhile, VSEL was far more resilient than most companies would be to the effects of a lengthy strike. Lead times on projects are long and profits from each contract are spread over several years.

All of these factors were known to a highly knowledgeable workforce when they voted by a majority of two-to-one to go on strike at the beginning of June. The strength of feeling against the fixed holidays, however, carried the day. Many workers felt a two or three-week strike would be enough to force the company to drop its plans. In the event they were proved wrong.

Following the introduction of fixed holidays in 1990, summer will never be the same again in Barrow. Everyone there, however, will remember the summer of 1988.

Warning over calls for scheme boycott

By Charles Leadbeater, Labour Correspondent

MR JOHN EDMONDS, general secretary of the GMB general union, warned yesterday that the union movement would be on the verge of a major disaster if next month's TUC Congress decided to boycott the Government's £1.5bn Employment Training programme.

Mr Edmonds said the expulsion of the EETPU, electricians' union, was a "marginal issue" compared with the consequences of a union boycott of Employment Training.

He said the GMB hoped that Congress would adopt a policy which while apparently launching a policy of non-co-operation would nevertheless allow individual unions room to participate in the programme.

The scheme, which will be launched next week, is intended to provide an average of six months' training for 600,000 unemployed adults a year.

Unions opposed to the programme, led by Nalgo, and Nupe, the public services unions, and the TWGU, general workers' union, are confident that a motion calling for a union boycott will be passed at Congress. This would overturn the policy agreed earlier this year of giving the scheme support on condition that participation in it remained voluntary.

A union boycott could seriously limit the number of places the programme could offer, particularly work placements with unionised companies.

Mr Edmonds described the planned boycott as the type of grand, counter-productive gesture which in the past had only damaged the union movement.

The TUC's stance could be decided at key meetings next week involving all the unions which have submitted motions and amendments on Employment Training. The meetings are intended to agree on composite motions to put to Congress.

The GMB has submitted an amendment to the Nalgo motion, which Mr Edmonds said would allow unions considerable room to become involved in the programme, even though it accepts Nalgo's call for a policy of non-co-operation.

The amendment argues that where non-co-operation could lead to the threat of redundancies for staff in skills centres, colleges of further education and on schemes which will be swallowed up by Employment Training, unions should become temporarily involved in the programme for up to two years.

The amendment says this would allow staff to be redeployed while training programmes were run down. However, Mr Edmonds made it clear that his union would use the breathing space as an opportunity to press for improvements to the scheme which would clear the way for unions to participate fully.

It seems likely that Nalgo will accept the amendment, as the wording is drawn from a circular the union has issued to its branches.

Mr Edmonds said: "If it is a choice between a muddle and a disaster, I would prefer a muddle."

Minimum pay plan for clothing trainees

By Charles Leadbeater

THE CLOTHING Industry Training Board is close to agreeing a innovative scheme for 3,000 places under the Government's Employment Training programme, which will offer trainees the minimum rate for the job rather than payments linked to the benefit entitlements.

The training board's scheme, on which trainees will be paid the minimum weekly wage of £78.30 throughout their training, will be welcomed by ministers, Training Commission officials and union leaders who are keen to prevent a union boycott of the programme.

The board agreed to pay "the rate for the job" because employers judged it was unlikely that the scheme would attract enough trainees if they were paid the standard allowance, which is worth about £10 a week more than social security benefits.

Unions and local authorities opposed to the Employment Training Scheme argue that trainees should be paid according to prevailing wage rates. Supporters of the programme will use the clothing industry scheme as evidence that unions can negotiate increases in allowances to take them up to the "rate for the job."

The clothing board's plans follow a scheme launched by the Construction Industry Training Board, which will pay trainees the "rate for the job" while they are complete their on-the-job-training. Clothing employers have agreed to hold in trust for the trainees the difference between the weekly wage and the so-called benefit-plus allowance.

Should a trainee's benefit-plus allowance be worth £60 a week, the employer would bank £18.30 a week, which would be paid to the trainee as a lump sum, loyalty bonus at the end of the training.

The board also plans to use the procedures to train women returning to work after bringing up children. Mr John Dearden, the board's chief executive, said these trainees would have about £68 a week banked for them.

While most employers will be charged £5 a day for each trainee they train on their premises, the board plans to pay employers £5 a day to help with the cost of training.

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Too much of a good thing

SCEPTICS who argued that attempts to stabilise exchange rates would only lead to unacceptable volatility of interest rates must be feeling vindicated. July's quite awful trade figures forced Mr Nigel Lawson, the British Chancellor, to signal another rise in bank base rates. The increase was the 12th change in base rates since February. Short-term interest rates are at their highest level since March 1986.

The interest rate weapon was also brandished on the Continent. On Thursday, Mr Karl Otto Poehl, president of the West German Bundesbank, announced a half-point rise in the discount rate and pledged himself to do everything possible to prevent further depreciation of the D-Mark.

The tightening of monetary policy is not just a reflection of fears of higher world inflation. European central bankers are also concerned that the recent strong appreciation of the US currency has taken the dollar outside the informal limits agreed at last year's Louvre accord. The perceived danger is that an excessively strong dollar will undermine medium-term efforts to curb the US current account deficit.

Exchange rate stability is certainly an important goal for economic policy. But interest rate stability is also desirable. Indeed, the case for reasonably stable rates is greatly strengthened by recent institutional changes. The Thatcher and Reagan governments have aggressively deregulated financial markets. This has increased individuals' freedom to take on debt, but also left them much more vulnerable to sudden changes in the cost of credit.

Young couples

The young couples in Britain who took out large mortgages earlier this summer could hardly have been expected to guess that interest rates would rise so steeply so quickly. At that time, claims that the economy was overheating were dismissed by officials. The rapid growth of personal indebtedness may be a sign that many individuals have not behaved responsibly. Yet the Government cannot expect an economy that has been swaddled with paternalistic credit controls for decades to adapt instantly to deregulation.

The immediate aim of policy, following the unexpectedly poor trade figures, must be to hold the pound steady. But Mr Lawson should none the less strive to avoid a monetary "overkill." The increases in interest rates already announced constitute a severe monetary squeeze. Britain's housing market could already be heading for a shake-out: an increase in repossessions by building societies looks inevitable. The bulk of expenditure by consumers, however, is much less interest rate sensitive; *domestic demand* as a whole will thus react only with a lag to the monetary tightening. But it will react: indeed by this time next year, the talk could be of rising unemployment.

Yet it seems reasonable to ask whether excessive reliance is not now being placed on monetary policy. In the US, Mr Alan Greenspan, chairman of the US Federal Reserve, has arguably had no option but to counter demand pressures with higher interest rates: fiscal policy decisions must await the *election of a new President.* Britain and West Germany, however, are choosing to rely almost exclusively on interest rates.

Tax adjustments

Mr Lawson could choke off excessive growth of domestic demand by raising taxes. West Germany could counter the depressive effects of monetary tightening and bolster supply-side incentives by cutting taxes. It is surely no accident that Japan, the one country to resist the recent rise in interest rates and to combine rapid growth with negligible inflation, has made aggressive use of fiscal policy. Last year's public works programme helped put the economy on a faster growth path and gave Japan a degree of freedom not enjoyed by West Germany.

In Britain, the National Institute is among those calling for tighter fiscal policy. The appropriate way of moderating the growth of consumer spending, *it argues, is not* "to raise interest rates or to limit the availability of credit, but to raise taxes." It concedes that such a policy may appear strange when the public sector is already in surplus and repaying debt. The point, however, is that the personal sector, unaccustomed to the deregulation of financial markets, has run itself into a sizeable deficit.

Yet it remains all too easy to exaggerate the dangers posed by credit growth and the current account deficit. The economy is, as Mr Lawson claims, fundamentally sound. Productivity and output growth have been exceptionally strong. Manufacturing investment is surging. Unemployment is falling rapidly, even among the long-term jobless. These are real achievements and the Government's critics hardly deserve to be taken seriously when they lambaste the Chancellor for his "epic" complacency. Would they have sought less growth?

Malcolm Rutherford looks at the security options in Northern Ireland

New weapons, old problems

It was a quiet day in Belfast on Thursday. Except that among the security forces you are not allowed to say that, for the suspicion is that every time you do something happens. Nowadays you keep your fingers crossed.

The difference between the past few weeks and previous periods when the *IRA has raised the level of its activities* is that this time no one is putting forward a concrete theory of what the organisation is up to. It is unclear where it will strike next: in Belfast, close to the Irish border, in England or on the Continent. The only certainties are that the present wave of violence is not *finished yet and that the* preference is for soft military targets – that is, off duty security officers and those who were insufficiently guarded.

But – and this is a very important point – neither the police nor the army believe that the IRA is mounting *a major offensive. "It could have* happened any time this year," said a senior police officer. "A few weeks ago they were blowing themselves up. Now they've started hitting their targets."

The recognition that the IRA can still have its successes has led to a kind of resignation among some senior officers. It is now nearly 20 years since the troubles began. "They've bridged the generation gap," said the same senior police officer. "It's almost like trying to eliminate ordinary crime," he went on. "Nobody has ever found the remedy for that."

The reason why recent events could have taken place any time this year is widely believed to be the new weapons that have reached the IRA from Libya, many of which are thought to be concealed in the Irish Republic. "Sophisticated" is the adjective most frequently used, both of the weapons themselves and of the ability to use them. And it is the growing sophistication of the IRA that leads security officers to conclude that everything goes in cycles. Sometimes the security forces are ahead of the game, then the IRA catches up. Today, in some respects at least, the IRA has an edge.

The explanation lies in a Czech explosive called Semtex, *though there* may be other weapons yet to be deployed. Semtex is very light and very lethal. It is at its most devastating when dropped from a height and when it hits the target at a 90 degrees angle. It can be thrown; it could probably be fired from a crossbow.

The police tend to refer to it as the drogue bomb because of the parachute attached to it like the drogue at the end of a harpoon in whaling. The army calls it the IAAG – improvised anti-armour grenade. If the drogue *bombs had struck at the 90 degrees* angle in the last few days, fatalities would have been even higher. In theory, they can penetrate all mobile armour presently used in Northern Ireland.

None of that means that the security forces are recommending giving up the struggle. On the contrary, they are reconciling themselves to the long haul and yet again – along with the British Government – reviewing the available options.

Those options are not nearly as clear-cut as sometimes presented. It is not a case of internment versus non-internment, sealing the border – as Dr David Owen, the leader of the British Social Democrats, demands – or leaving border security as it is. There is a range of choices in between. Still, *the starker options* are worth a mention.

Internment is on everyone's lips. The numbers make it look superficially attractive. Security sources say that the so-called "Godfathers," who run the IRA but do not engage in active combat, add up to about 40-50. There are thought to be about another 200 people in Northern Ireland who belong to the active service units, and perhaps 150 in the Republic. So internment might entail less than 500 arrests.

Yet it is not an option that the heads of either the army or the police are putting forward – or at least not yet. They have nothing against it in principle, but doubt its practicality in present circumstances. Some of the right people might escape the net and some of the wrong ones be picked up. There is also the fear of a political backlash. The IRA, one keeps being reminded, is very good at propaganda and still has residual political support in both parts of Ireland.

Not least, British intelligence probably does not know quite enough about the ramifications of the IRA to make a clean sweep. How could the security forces be sure of finding the "sleepers" in Britain and on the Continent, IRA supporters who have lain low for years but who could be activated at any time?

Sealing the border could be done, all 360 miles of it, most of it more like a border between counties than an international frontier. But it would be a horrendous task, involving the introduction of divisions of troops rather than just barbed wire and searchlights. The view from the top is that any reward would not be worth the effort and the expense. "It is totally impractical," said the senior *police* officer.

What the security review is likely to come down to, therefore, is more of the same, only better. The security forces in the Republic are acknowledged to be doing more to help than they used to and have made some spectacular arms finds. They are likely to be pressed by the British to become even more active since it is in areas just south of the border that the IRA can go almost at will.

Security has already been intensified just north of the border. There are now four 60 feet observation towers in South Armagh alone with ultra-modern *equipment.* That sort of thing will go on. And, short of internment, IRA suspects can still be picked up and questioned for seven days. That kind of harrying has again been stepped up.

There could be some changes on the judicial side. The security forces are almost unanimous in demanding that convicted IRA prisoners should lose their automatic right of remission for good conduct. Yet even here there is a counter argument put by the Irish Government which says that keeping the IRA convicts in prison merely allows the IRA to pose as guardians of their families. It is the IRA, for instance, which organises the buses for the prison visits, and the Christmas parties for the children.

Prison conditions indeed seem to have become sufficiently comfortable for the IRA to have stopped complaining about them. But that in turn, said the senior police officer, means that there is nothing left for the IRA to bargain for. They just want to keep the campaign going.

In the end, a lot of the security measures will be about renewed vigilance. For example, if the British naval man who was killed in Belfast this week had checked under his car for a bomb, he would still be alive. The trouble is that after all these years people tend to forget about the routine of the long haul. Car bombs were thought to have gone out some time ago; they have come back in new and more accurate form.

Striking parallels for London and Madrid

It has always been anathema in Spain to compare the Basque problem with Northern Ireland, but parallels between the two grow daily.

In both, a general impression of improvement has been undermined by a resurgence of terrorist activity. Both now appear to have been boiled down to a core of hard men, defying any form of final resolution of the problem. Neither group expects to win militarily and there is little prospect of either being utterly defeated.

The two war-weary regions are saddled with troubled heavy industries and high unemployment. Terrorism is not the root of the economic ills, but it hinders recovery.

They also share a feeling, right across the political and social spectrum, of being misunderstood and ignored in national capitals. Only when people are killed do national politicians concentrate their minds on what to do.

The conflicts are, of course, rooted in different circumstances. The Basque region does not have Ulster's background of sectarian conflict. Moreover, ethnic Basques, by and large, have the better deal. Basque nationalist parties have a combined strong majority and, through it, a significant measure of control over the region's affairs. Northern Ireland lost its regional government in the troubles; the Basques gained one.

Students coming out of college in Northern Ireland have never known normality. The army has been in action there for 19 years. Their counterparts in Bilbao or San Sebastian spent their early childhood in a dictatorship and, although the violence has mostly taken place since that era, they now enjoy more of a normal political life than anyone can remember.

The region has a coalition government spanning the divide between the nationally based Socialists and locally based moderate Basque nationalists. Every schoolchild learns Basque; it is hard to imagine stalwart Orangemen sending their offspring to classes in Irish.

There is also a difference of scale. In 20 years, Basque violence has claimed almost 600 lives, whereas the toll from Ulster violence nears 2,900 in the six counties alone. The atmosphere in the Basque country is nowhere near as chilling. Daily life is not intruded upon in the same way, through road blocks, checkpoints and conspicuous surveillance.

But in the evolution of the terrorist conflict, the two have converged. Purely military elements in the extremist movements have become increasingly dominant and autonomous. Recent indications tend to confirm the hardliners' upper hand over those who would be more open to discussing a way out.

At the same time, both groups, more tightly organised than ever, have shown their ability to bounce back after severe setbacks. The spate of IRA attacks since the Gibraltar fiasco in March has been echoed by renewed ETA bombings this month, after a considerable lull. The terrorists always have the element of surprise on their side. They still have access to arms, even if increasing amounts have been captured. In both cases, sealing off arms routes completely would be a massive exercise.

Both groups still have a public constituency. Even though ETA has been heavily damaged, the political party that supports it, Herri Batasuna, Basque counterpart of Sinn Fein, won more than 17 per cent of the vote in the last regional elections, close to its all-time peak. The main forces the terrorists are pitched against – the army in Northern Ireland, the civil guard in the Basque country – are isolated and highly unpopular in the nationalist strongholds.

The Basque situation has more favourable elements, however. Cross-border help for the security forces has developed dramatically. France, formerly a haven for ETA, lost its fears about bringing the conflict into its own Basque region two years ago. It subsequently handed over dozens of Spanish Basque suspects at the border.

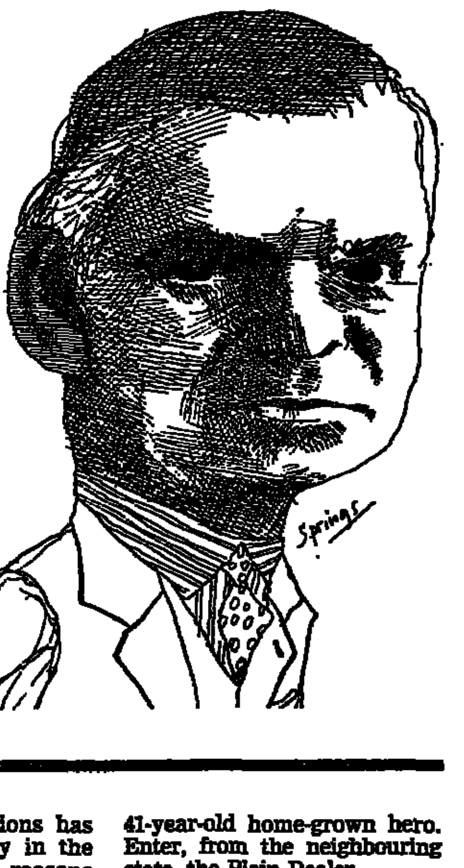
Along with the "stick" of a police crackdown in both countries, Madrid has successfully wielded the "carrot" of leniency towards ETA members – either in exile or in prison – who give up the struggle. ETA has in turn damaged itself by ruthless attempts to enforce loyalty. The Spanish authorities can still hope, if not to wipe out ETA, to cut it down sufficiently for the issue to become simply a policing problem. In today's Northern Ireland, there is not even that prospect.

David White

MAN IN THE NEWS

Thomas Vail

Old-school fighter with no holds barred



By Lionel Barber

Vice President George Bush's running mate, Senator Dan Quayle, has been accused in the American press this week of draft-dodging, plagiarism, making sexual advances and possessing a mind which one professor at his alma mater in Indiana describes as vapid.

Even Walter Burns, the hard-driving editor in the film The Front Page, might have paused before ordering some of these allegations into print. Not so Mr Thomas Vail, 62, the *publisher* and *editor of the* Cleveland Plain Dealer, the largest newspaper in Ohio and one of the leaders in the journalistic pack hunting the hapless Senator Quayle.

"Morals, ethics, habits, reputation and ability are all fair game," says Mr Vail. "We want to know about all these sorts of things before we elect these people to office."

This week, as the first US newspaper to report that the Indiana National Guard was filled beyond capacity in 1969, when Senator Quayle applied to join, the Plain Dealer scored a notable scoop. The story, based on the Indiana state archives, established a far stronger case than before that Senator Quayle might have received preferential treatment for his National Guard application (which enabled him to avoid combat in Vietnam).

The Plain Dealer is not noted for national political scoops. Established in 1842, it is a local newspaper with a reputation – with one or two important exceptions – for sobriety and caution. Winston Churchill, on a 1930s lecture tour in the Midwest, considered the Plain Dealer to be the best newspaper name in the world. Mr Vail, whose great-grandfather bought the paper in 1885 with profits from his gold and silver mines in Utah, thinks so too, even after 26 years in the editor's seat.

He is a dapper, silver-haired man with little of the bravado of a Ben Bradlee, the veteran editor of the Washington Post whose aggressive coverage of the Watergate scandal institutionalised investigative journalism.

Today, the Plain Dealer, like the Post and many other major US newspapers, has a small team of experienced reporters whose sole task is to investigate possible scandal, wrong-doing, corruption and injustice. This year the flavour is distinctly political.

Senator Quayle, the Republican vice-presidential nominee, is the third candidate in the 1988 campaign to face damaging allegations about his character. Two Democrats – Mr Gary Hart and Senator Joe Biden – were forced out of the race after newspapers reported that they had documented evidence of womanising and plagiarism respectively.

Mr Vail says press coverage of presidential elections has changed dramatically in the past 20 years. His reasons include the knowledge, with hindsight, that the Kennedy presidency, embracing extra curricular activity by the President himself, was treated too leniently; the rise of the women's movement leading to a huge influx of women into the journalists' profession; and "a revival in morality and ethics" in the US.

In *fact,* the Quayle-inspired prominence of the Plain Dealer probably owes more to opportunism. Senator Quayle's family control the most important newspaper in Indiana – the Indianapolis Star – and, in a traditionally Republican state, that paper *was unlikely to lead* the pack on the trail of the 41-year-old home-grown hero. Enter, from the neighbouring state, the Plain Dealer.

Mr Vail agrees that the Hart story probably pushed back the privacy barriers further than ever before. First, the Miami Herald staked out Mr Hart's Washington town-house and reported a night-liaison with a model. Then, when it emerged that the reporting team had failed to cover the back door – and so could not prove a nocturnal frolic one way or the other – it was left to the Washington Post to inform Mr Hart that it had separate evidence of a liaison.

Soon after Mr Hart had withdrawn as a Democratic presidential candidate, rumours *surfaced* that Governor Richard Celeste of Ohio might throw his hat into the ring. After a leading question at a news conference, eliciting a denial from the Governor, the Plain Dealer ran a front page story headlined: "Celeste womanising worries aides: links to three women may imperil presidential ambitions."

Mr Vail says he called the reporters involved to make sure they had nailed down the story. Once he was convinced that they had supporting evidence, "that was good enough for me," says Mr Vail.

He insists that, providing there is fair play and the motives are beyond reproach, almost anything goes for the Fourth Estate in the US which, in the absence of strong parties as in the UK, tends to assume the role of an unofficial opposi*tion to the incumbents, busi*ness, political or otherwise.

In 1986, *for example,* the Plain Dealer revealed that the Chief Justice of the Ohio Supreme Court had taken campaign contributions from labour unions infiltrated by organised crime. Having killed the judge's re-election chances, the paper subsequently won an $11m libel action.

Mr Vail is undoubtedly a fighter. He took a local council, which wanted to ban newspaper vending boxes in public spaces, to the US Supreme Court and won. He is also proud of his newspaper's investigative record, particularly the exposures of political corruption in Cleveland city council which, he argues, led the community to near bankruptcy. The exposure of corruption in Governor Celeste's administration is also a highlight.

With a wife and three children, Mr Vail remains a gracious man of the old school, with roots all the way back to New England – not unlike Mr *George Bush. He is* an establishment man who takes delight in taking on the establishment. And for the record he would like it known that, unlike Senator Quayle who initially flunked his political science exam, he majored in the same subject at Princeton, *cum laude.*

The boundless appetite of the British consumer

Simon Holberton reports on the surge in imports and spending which led to this week's trade deficit and rise in interest rates

"You can have too much of a good thing . . . the economy has been going ahead too fast and it's time to apply the brakes and that's what I've done," said Mr Nigel Lawson, Chancellor of the Exchequer, of Thursday's rise in interest rates.

It remains a moot point whether Mr Lawson's latest application of the brakes will be sufficient to avoid the accident implicit in the above quotation – a demand-led rise in inflation and further deterioration in the trade account. But there should no longer be any doubt at whom his manoeuvre is aimed.

The British citizen's desire to consume is too great for his, and the economy's, long-term health. The rise in mortgage interest rates that the building societies plan for October is the sharp end of Mr Lawson's decision to raise bank base rates to 12 per cent. He hopes the rise in borrowing costs will restore the balance between what Britain can produce and what Britons should demand.

For the second time this year, both the Treasury and the City have underestimated the strength of demand in the economy, especially that related to consumers' behaviour and industry's investment intentions.

This year is shaping up as one of the worst on record for economic forecasters at the Treasury, in the City and in the academic community. One mistake that they share is their underestimate of how much the consumer would spend this year.

Earlier this week, the National Institute of Economic and Social Research, noted that it had warned in 1986 that Britain's trade deficit would rise dramatically in 1988. But it failed to say that it had based its 1988 forecast for the trade account on 2 per cent growth, 6¼ per cent inflation and a public sector borrowing requirement of £12.8bn.

The British economy could grow this year by as much as 5 per cent after allowing for the effects of inflation. Rather than borrowing, the Government could repay £15bn of the national debt. Inflation is expected to edge up to 6 per cent.

Economic models are, as one senior Bank of England official recently quipped, "the average of past experience" projected into the future. Moreover, econometric equations are insensitive to consumer and business confidence. As this year shows, the average of the past is telling us nothing.

No forecaster at the beginning of the year had the measure of the British consumer. In January, the City thought consumer spending would increase by just under 3.5 per cent this year. Spending is now growing at an annual rate of close to 7 per cent and, while some reduction of pace is anticipated by the end of the year, the figure for the whole year could well be 6 per cent.

Similarly, no one predicted the extent to which industry would invest. Earlier in the year, the City thought total *fixed investment would grow* by 4 per cent this year. So far it is running at an annual rate of 11 per cent, and manufacturing investment is set to rise by 16 per cent this year.

It was the combination of these two factors which led to Britain recording its worst monthly current account deficit. In July this grew by £2.15bn to nearly £8bn for the year so far – already twice the Treasury's full-year forecast. For the year as a whole, the deficit could easily top £13bn.

So why did forecasters in both Whitehall and the City get these important trends so wrong for 1988?

It now seems likely that the reduction in wealth caused by the October stock market crash was greatly over-estimated. This is understandable because there was a fall of 20 per cent in the recorded net financial wealth of the UK personal sector between September and December last year, causing the ratio of debt to wealth to return to the level prevailing throughout the 1980s.

But the forecasters attached *too much importance to the* decline in wealth reflected by the fall in the price of shares held by individuals and, more importantly, individuals' equity in insurance and pension funds. In fact, share ownership in Britain is still modest and few people regularly monitor the value of their pension.

What the Central Statistical Office (CSO) does not record in its measure of personal wealth is, however, the value of most individuals' most important asset: their homes. The average rise in house prices was 22 per cent in the 12 months to June this year. At the end of 1986, the total value of residential property in the UK was put at more than £600bn by the CSO. By June this year, the figure was estimated to have risen to more than £700bn.

As well as this growth in property values, there has been a coincident and largely unanticipated rise in incomes and the fall in unemployment has been faster than expected. After allowing for the effects of inflation, incomes in Britain are set to grow by 5 per cent – *their fastest rate of growth for* a decade – after rising by more than 3 per cent in each of the preceding two years.

But, as the Organisation for Economic Co-operation and Development has pointed out, only half of the rise in consumer expenditure can be traced to rising real incomes. A large part of the remainder represents a fall in the level of savings and/or borrowing. Britons are now saving only 5 per cent of their income, compared with 15 per cent in 1980.

The OECD suggests a number of reasons for the apparent profligacy. Lower inflation has reduced the need for savings to maintain the real value of financial assets and greater confidence in the future has diminished the urge to save for a rainy day. Also the higher value of pension funds has led to a reduction in some employers' contributions, which count as personal savings.

Consumers have used their assets as collateral for borrowing, but the extra debt would appear to have been relatively painless. The ratio of debt to income has doubled since the early 1980s, but "the debt to wealth ratio has remained remarkably stable and even declined during the year preceding the stock market crash," the OECD says.

Although there has been a slight rise in the recorded savings ratio in the early part of this year, consumption has raged ahead. This has led some economists to claim that the savings figures grossly underestimate the true level.

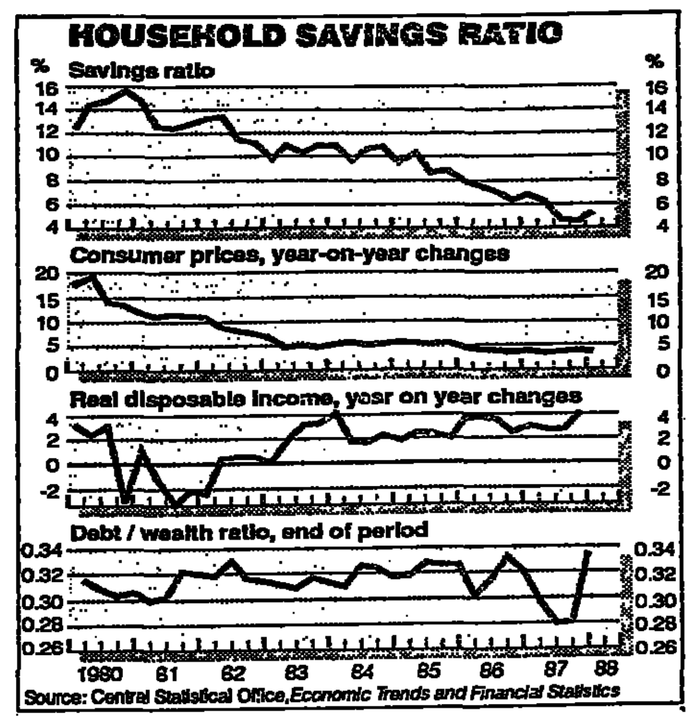
They put actual savings at around 12 per cent of income. In the absence of any firm evidence, most plump for a level mid way between that and the official guess of 5 per cent.

The Government believes that arresting the rise in house prices by making borrowing more expensive will slow consumption. Mr Lawson has rejected calls for a mini-Budget, tax increases and a reintroduction of credit controls.

He is left with interest rates and hope. No one at the Treasury or the Bank of England is confident that the current levels of interest rates will be sufficient to temper the consumer's appetite.

It seems reasonable that, *a priori*, higher borrowing costs should reduce consumption, but doubts linger. As Mr Kevin Gardiner, of Warburg Securities, pointed out recently, the personal sector is well hedged against higher interest rates. Interest bearing deposits in the personal sector amount to almost 90 per cent of its financial liabilities.

Mr Lawson has said that 12 per cent interest rates will be with us for some time; independent analysts think they may go higher. Nevertheless, the losses consumers make on the mortgage rate swings seem likely to be mostly recovered on the savings account roundabouts.



Source: Central Statistical Office, *Economic Trends and Financial Statistics*

Belt-tightening for a traditional trade

EVERY EVENING, just before 6 o'clock, in the back streets of Kyoto's Gion district, geishas emerge from doorways to head for their night's work, fully painted and dressed in the traditional fashion. As the women pass, even their compatriots turn for a second glance, for this is not a common sight in a Japanese street.

Elsewhere in Kyoto, Mr Kozo Takahashi has his eyes not on the geishas but on their sisters in mufti. The Nishijin Fabric Co-operative Association, of which he is executive director, has a vested interest in the way Japanese women dress.

The group's 1,200 member firms are custodians of more than five centuries of silk-dyeing and silk-weaving tradition in Kyoto. Employing 46,000 people, nearly two thirds of the firms' Y261bn (£1.16bn) turnover in 1987 came from one product: the obi. This intricately woven silken belt, usually 4.5 metres long and 40 centimetres wide, is an indispensable accessory to the kimono. Wrapped twice around the body, the obi is tied at the back.

The bad news for Nishijin is that Japanese women are buying fewer kimonos and related products. More seriously, many younger women have never started the habit. "First of all, obis are very expensive," says Mr Takahashi. "Then, Japanese businessmen do not invite their wives when they entertain, so the women have nowhere to wear them. The younger ones cannot choose or make kimonos for themselves."

When they do wear a kimono, for special occasions such as coming-of-age ceremonies and weddings, they need special instruction on how to wear it. Most do not associate the kimono with everyday life, much less with fashion. As a result, Nishijin companies have seen obi sales fall from a record 8.3m units in 1976 to only 3.8m in 1987.

Because demand for the more expensive ceremonial obis has held up best, the firms' annual turnover from obis increased slightly from Y163.7bn to Y171.8bn over the same 11-year period. Since the mid-1970s, the average wholesale price of an obi has more than doubled to Y50,000, indicating a retail price of at least Y125,000. Most wedding obis, however, cost between Y300,000 and Y500,000 in the shops.

With prices so high, the obi-makers have their work cut out to try to reduce costs and stimulate demand. The distinctive feature of the Nishijin industry is its *sanchi* structure. Each step is done by a separate company – often by home-based artisans. This has the advantage of spreading risk, and Mr Takahashi also sees it as a useful counterbalance to the concentration of capital involved in mass production.

Nevertheless, efforts to trim costs at each step have met with mixed success. For example, the price of raw silk is fixed by the Government to protect Japanese silk-growers. Although they import half their silk, the Nishijin companies get no benefit from a world price less than half the Y18,000 per kilogram prevailing in Japan.

To maintain quality, Nishijin insists that the best obis must continue to be woven on hand-looms, which takes two weeks and 50,000 pumps of the foot pedal. Hand-looms account for about a fifth of the total of the 26,000 operated by Nishijin firms. Time has been saved, however, in the punching of the cards which determine the pattern to be woven. Formerly this took two weeks by hand; now it is done by computer in three hours.

But the real problem is to reawaken demand. On one hand, Mr Takahashi senses a nostalgia for tradition. But if that fails to materialise, the kimono and obi makers will meet the young on their own ground. That means rock music at the Nishijin Textile Centre's kimono fashion show, where the models' movements have a grace of their own, but bear little resemblance to the geishas in Gion. The show breaks all the rules, a critical woman in her thirties comments. The kimonos are worn far too casually and old standards about appropriate colours have been abandoned.

However, if the young can be enticed, the hope is that they will pay more heed to tradition as they grow older. Even if Japanese women continue to abandon the kimono, perhaps they will find some place in the home for Nishijin fabrics.

At an exhibition this year, the co-op promoted loose furniture covers made from its silk. In fact, cloth for decorative purposes – curtains, wall-coverings and car interiors – has been the biggest growth area for Nishijin companies over the past decade. Output of 55.3m sq m in 1987 was more than 50 per cent higher than production in 1976, but even here volume and turnover have been on a plateau for the past three years. Much of this fabric is made from artificial fibres, although traditional Nishijin methods of dyeing are used.

The firms are also selling more fabric to Western-style designers – in practice this means to the makers of the wedding dresses every middle-class Japanese bride seems to need in addition to her wedding kimono.

Even if successful, new products pose a challenge. "For the Nishijin, the obi is something like an encyclopedia," says Mr Takahashi, a complicated product that rarely needs updating. "The new items are more like a newspaper or a magazine," constantly altered to stay in touch with changeable demand.

Overall, he admits, the future is not very bright. One thing is certain. The Nishijin firms cannot rely for their prosperity on the geishas of Gion. The weavers make a special longer and wider obi for geishas. Last year, in all Japan, they sold only 712.

Clay Harris

LETTERS

Gains tax inequity discriminates

From Mr S.E. Scammell.

Sir, At last gains tax is not paid on gains that merely keep pace with inflation.

Many people, no doubt, would wish to lend or borrow on the basis that the capital repayment would be geared to the inflation rate (thus no gains tax arising), with a correspondingly lower interest rate (taxed to income tax in the normal way).

This cannot be done. You can lend money to the state on that basis (by the purchase of index-linked Treasury stock) but not to anyone else.

In fact, it would remedy the excessive burden of mortgage interest, because it requires an interest rate of no more than (at present) 4 per cent per annum, index-linked. Prospective mortgagees would be willing to assume that house values would at least keep pace with inflation, so that as the redemption cost of the mortgage rose (in paper terms), so would the value of the security.

No doubt the Government maintains this inequity because it is then able to collect tax on that part of the interest which is not really income at all, being required to maintain the cash value of the capital in line with inflation.

There can clearly be no justification for this distinction. It discriminates among borrowers in favour of the State, and surely it should now be remedied.

I am aware, for instance, of a registered charity which could borrow funds for a building project on this basis, and at a nil interest rate from a well-wisher willing to do no more than maintain the value of his capital, but cannot do so because the paper appreciation at the index-linked repayment – unlike the paper-appreciation on the index-linked Treasury stock – would be taxed.

S.E. Scammell,
Clouds Estate,
East Knoyle,
Salisbury, Wiltshire.

Will someone take me to a pub?

From Mr N.J.R. Mullan.

Sir, Now that we have taken one step towards a more mature attitude to drinking, the next step should be to allow children in pubs, provided they are accompanied by their parents.

This would make many of our present drinking dens more sociable and welcoming places to visit. It might even improve family life, by making a visit to the pub an excuse for a family gathering, especially if pub catering continues to improve.

N.J.R. Mullan,
Flat 6,
69-71 St George's Drive, SW1

Figures are not gospel

From Mr Nicholas Ryan.

Sir, Clive Wolman (August 23) reports on a row between pension fund performance measurers, the WM Company and Combined Actuarial Performance Services (CAPS) following the proposed absorption by the latter of IPMS.

Each accuses the other of distorting its coverage. WM says that CAPS counts every client of a unit trust, so inflating the number of clients, and CAPS says that the WM total assets under management are misleading because of the presence in the sample of a few very large funds.

A naive reader might be forgiven for wondering: if the professional measurers cannot even agree on their own statistics, what reliance can be placed on their pronouncements about the performance of something as elusive as a pension fund?

It is not just the size of the database that counts, but the shape, and the extent to which statistics can be extracted for other funds comparable to the one under review, no less than the scrutiny of the relationships between the numbers and the underlying reasons for the outcome.

Far too many trustees take performance figures as the gospel – worse still, use a single figure or even a league-table rating.

So if the current acrimony does no more than make trustees more sceptical whether the numbers mean anything, and if so, what, that will be a service to the pensions movement (and if it also manages to restrain short-term instant judgements, to the economy as a whole).

Nicholas Ryan,
The Nicholas Ryan Consultancy,
4 Charlotte Mews, W1

Promoting South Africa's pace of change

From Mr Robert Beasley

The problem is not that, inevitably, changes are coming in South Africa (Leader, August 23), but the pace and form these changes take and the steps we can take to promote them.

President Botha has made it clear that there are limits to his over-praised urges for reform. He will never share power with the black majority, and there is simply no hope that he will negotiate for a democratic settlement. Banning the End Conscription Campaign is just the latest move in a line of repressive measures designed to stifle change. All the key elements of apartheid are still in place.

While the debate between the pro- and anti-sanctions lobbies has dominated the proceedings so far, we will soon be forced to recognise the fact that one in 10 members of the South African defence force are British citizens. Their presence in the townships, in Angola and in illegally occupied Namibia is a disgrace which the UK government could swiftly remedy.

Threatening to remove the passports of individuals would not contradict the Government's anti-sanctions stance. At the same time, it could do much both to weaken South Africa's ability to attack its neighbours – and black citizens – and to signal to the world UK unwillingness to co-operate in the perpetuation of apartheid.

Robert Beasley
War on Want,
32-39 Great Guildford Street, SE1

Quality of official statistics is inadequate

From Mr R.E. Crum.

We are all in the game now of peering at statistics, trying to guess at the course of the UK economy: the strength of currents, the whereabouts of rocks and reefs. Some worry that the captain – Mr Nigel Lawson, the Chancellor – has thrown away most instruments of control and left himself with a rather weak and slow rudder: interest rates. It would be nice to think that at least he is using the latest charts.

But he is not. That is why there is a review of official statistics. Most attention seems to be concentrated on the broader problems – the hole in the balance of payments and the varied performance of gross national product (GNP) measures – but this is only part of the problem.

Important questions relate to more refined areas. Are wages rising because of the push from the financial sector? Is the rapid increase in London allowances fuelling wage inflation? Manufacturing productivity is rising – what about productivity elsewhere?

At this level, official statistics are still in the era when manufacturing industry was the prime mover, before the increase in importance of the service industries. We need detailed statistics of a quality at least on a par with those available for manufacturing. There seems no reason why they cannot be obtained. It is probably easier to collect data from banks, building societies, finance houses, supermarket chains, estate agents, lawyers and so on than from manufacturing industry.

Within a year it ought to be possible to obtain comparative data. Given some push output, employment and productivity indices could be published simultaneously for most industries. Similarly, earning figures could be obtained more frequently, for a wider range of industries, and with broad regional aggregates.

It is no use pretending that a blunt instrument like interest rates is adequate if all you are doing is to cosh manufacturing because you have failed to notice that non-traded service industries (domestic insurance, banking, building societies, estate agents) are the prime cause of your problems.

R.E. Crum,
89 Hall Road,
Norwich, Norfolk

Generosity needs no blackmail

From Mr George Mackenzie.

Sir, I wonder if other readers feel offended, as I do, by the current Action Aid advertisement. It shows a rather silly-looking white rag doll, priced at £21.75, alongside a photograph of a young African child (looking sad-eyed but surprisingly well-fed) priced at 33p per day.

The implication is, of course, that we in Britain are squandering money on unnecessary luxuries rather than spending on overseas aid.

I doubt if a fraction of one per cent of UK citizens spends money on rag dolls, but whatever the proportion I am sure it is greatly outweighed by the people who wish to help deprived children of whatever country. So why do we have to suffer the reproach implicit in so many advertisements by aid agencies, as if all the tragedies of the world were our fault?

If these organisations find it difficult to extract money from the public, it may not be because of any lack of sympathy with their cause, but rather lack of faith in their administrative ability.

The warm generosity of the British public is abundant in every overseas crisis; the current emergency in the Sudan is a good example. There is no need for even a mild form of blackmail in appealing for aid. Aid programmes are usually a mixture of politics and business – and they do say that in politics and business you should be polite to everybody.

George D. Mackenzie,
14 Bridge Street,
Kelso,
Roxburghshire,
Scotland

How the dollar has pulled Jaguar's teeth

John Griffiths analyses why the car maker's results are so much lower than expected

SIR JOHN EGAN was in defiant mood yesterday. "I have never made short-term profit a prime goal," he declared.

For a legion of City analysts trooping into London's Savoy Hotel for a briefing on Jaguar's interim results, the remark had a certain air of redundancy.

Most had been expecting a fall of about a third from the luxury car maker's £45.7m pre-tax in the first half of 1987. Even they were jolted by the revealed drop of more than a half to £22.5m, on a turnover 14 per cent higher at £537m.

Immediately, they were scrambling to revise forecasts steeply downwards. Phillips & Drew, which had already once reduced its £100m to £120m predictions to £80m for the full year, and £80m again in 1989, again slashed its forecasts for this year, to £40m. In 1989, it now expects Jaguar to make no more than £20m.

However, the relatively sanguine reception on the London Stock Exchange last night – at the close Jaguar shares were down only 12p at 252p – was stirring speculation that the explanation was more complex than simply the drop being discounted in advance to a greater extent than expected.

The suspicion was surfacing that the share price is already starting to be buoyed up by the prospect of predators circling in wait for the UK Government's golden share, due to be tossed overboard at the end of 1990.

The current trends, says Phillips & Drew analyst Mr Stephen Reitman, "leave Jaguar sitting dead in the water without a paddle when the golden share expires".

This is despite protestations from Sir John yesterday that Jaguar, more than 30 per cent of whose shares are held in the US, had received no overtures and that "we don't need anyone else's help".

Sir John's list of reasons for the downturn were much as expected.

Primarily, he said, it reflected "the increasingly difficult trading conditions" for the company, particularly in the US.

About £30m had been lopped off the half's profits as a direct result of the weakness of the dollar. Jaguar had still made a profit on its sales in the US, but they were much reduced, as they had been in other export markets by the relative strength of sterling.

In defence of his non-"short termism", Sir John could also point to a £2m increase in research and development expenditure to £23m, although capital spending was down slightly, by £1.4m to £57.3m. In doing so, he reaffirmed his commitment not to delay Jaguar's new model programme, which includes a replacement for the legendary E-Type sports car, although he said there would be some "minor" adjustments to it.

JAGUAR
Geographical Analysis of Turnover

	6 months to June 30 1988 (£m)	6 months to June 30 1987 (£m)	12 months to Dec 31 1987 (£m)
UK	152.0	108.0	217.4
US	224.7	243.0	535.1
Canada	32.6	31.6	60.1
Europe	83.9	56.5	107.1
Rest of world	43.8	29.9	82.4
	537.0	469.0	1002.1

Jaguar itself is making no attempt to put an optimistic gloss on near-term prospects. It is warning that the current difficulties will continue throughout the rest of this year and next, and that profits for all of this year at least will be "significantly down".

Nevertheless it does see a number of bright spots.

Its non-North American markets are growing rapidly – in the UK by 29 per cent, continental Europe by 44 per cent and in the rest of the world by 44 per cent. Sales in Japan, one of the toughest market nuts to crack, have gone from 600 last year to a forecast 1,250 this year and 2,000 in 1989.

A former 60 per cent dependency on the US for its unit sales has been reduced to 43 per cent, and is intended to be cut eventually to 40.

Vehicle production rose to a new half-year record of 28,744 cars, up 21 per cent and for the full year should reach 52,000 to 53,000 units, rising by a further 2,000 to 3,000 units next year. Since Jaguar's stocks are now under fairly close control, sales can be expected at the same level – but still well off the 60,000 originally hoped for.

Sir John acknowledges, however, that the fate of Jaguar is still tied overwhelmingly to that of the dollar. Jaguar has forward cover for the rest of this year at $1.55 and is 60 per cent covered next year at $1.70.

It has not covered further, expecting that the chances are reasonable that the dollar will continue to improve.

Others, like Mr Reitman, are not so sure. "So many of Jaguar's assumptions about the future are based on sterling weakening," he says. "Yet our people are looking to the rate going to $1.90 (a level well above the $1.80 level at which Jaguar acknowledged yesterday it would remain "very difficult" to sell) and not the $1.50 that Jaguar seems to hope."

Sir John Egan – we don't need anyone else's help

There is caution, too, over Sir John's plans for efficiency measures aimed at saving £50m in costs over each of the next three years, apart from the loss of 1,200 jobs in natural wastage.

Pay negotiations with the Jaguar workforce start in October, with the opening gambits including a £19-a-week pay rise and shorter working hours.

Leisuretime acquires US hotel and UK nursing homes

By Ray Bashford

LEISURETIME International is spending a total of £10.5m for the acquisition of a Florida hotel and two UK nursing homes to be financed through a five-for-four rights issue.

The company is buying the Ramada Maingate at Kissimmee for $14.6m (£8.6m) cash conditional upon approval from Ramada Inns approving the transfer of the franchise.

The hotel comprises 393 rooms – valuing each room at £21,800 – and a range of leisure and conference facilities. Directors expressed confidence in Florida, a large and growing holiday location, and said the hotel was situated close to many major attractions.

The two nursing homes, in Norfolk and Lincolnshire, are being purchased from Hestair Healthcare for £1.9m. Leisuretime on Thursday announced that it was paying £1.25m cash for two nursing homes in Lancashire.

The four nursing homes will be integrated into the company's Country Care chain of nine homes.

The rights issue of 22.8m shares at 75p will raise £16.5m net. Naaz Holdings, controlled by the Jivraj family, will take up its full entitlement, representing about 29.6 per cent of the issue. The remainder of the issue has been fully underwritten.

Refuge shares slip as life premium business falls 12%

By Nick Bunker

SHARES IN Refuge Group, the Cheshire-based home service life insurer, dropped a net 21p to close at 428p yesterday despite a 13 per cent increase in its interim dividend to 6.5p that was closely in line with leading analysts' expectations.

The stock market was worried by the fact that Refuge's half-yearly statement showed a 12 per cent fall in the group's total life premiums due to last October's stock market crash and the impact of the Financial Services Act.

Investors were also bothered by signs of continuing problems with the group's non-life insurance book, where premiums were static at £7.8m in spite of two motor rate increases in the six months to June 30.

Refuge's ordinary branch life business showed growth in annual premiums from £3.51m to £4.24m, while new pensions premiums showed a near five-fold rise to £2.37m.

One factor now assisting Refuge is its acquisition of the Douglas Allen Spiro estate agency group which has 22 branches acting as Refuge sales outlets.

New business premiums in the group's industrial branch fell 8 per cent however to £7.2m. "The complexities of the new Financial Services Act, which bear proportionately more heavily on small premium business, caused an initial setback", Refuge said.

Refuge's unit-linked life sales collapsed from £12.8m to £7m owing to customers' wary attitude to equity markets following the October crash.

● COMMENT

Refuge offered lots of figures and not many words of explanation yesterday. What the numbers say is that the drop in the share price, on a day when the rest of the life sector stayed firm, leaves Refuge on a prospective gross yield of 6.4, assuming a 20.5p full year dividend. You might think the stock is cheap at that level. After all, the financial conservatism of Refuge has enabled it to amass awesome hidden reserves. According to the latest Department of Trade and Industry returns, its life assurance assets at market value are now 2.2 times its liabilities of £740m: probably the highest ratio in the sector. But the conservatism endemic among most small industrial life offices means that a hefty chunk of these excessive reserves will stay in the Refuge's coffers, undistributed to policyholders and shareholders alike. In the meantime, poor results from non-life business and any slowing up of sales on the life side could undermine a continuation of the 17 per cent per annum dividend growth which Refuge managed from 1982-87.

Adscene in £3.27m expansion with London Newspaper buy

By Vanessa Houlder

ADSCENE GROUP, newspaper publishing and printing company, yesterday announced the acquisition of the London Newspaper Group, a publisher of paid-for and free newspapers, for £3.27m.

The acquisition is designed to strengthen Adscene's geographical coverage. The company currently publishes 21 free and paid-for weekly newspapers in Kent and Lincolnshire. It also performs contract printing in the south and Midlands.

The deal will be Adscene's second acquisition since it came to the market a year ago. In April, it bought the Lincolnshire Standard Group for £4.37m.

LNG's principal subsidiary is London & Westminster Newspapers, a publisher of paid-for and free weekly newspapers in Hammersmith, Fulham, Kensington, Chelsea, the West End and the City, with a combined circulation of about 150,000. It also owns Meilin, which plans to publish a business directory for Kensington and Chelsea.

LNG made a profit before tax and non-recurring items of £302,000 (£271,000) on turnover of £2.6m (£2.3m) in the year ended June 30, at which time it had net assets of £1.4m.

The purchase will be paid for with £906,500 resulting from a placing at 130p and £2.36m in borrowings. The consideration is comprised of £2.01m that Adscene has agreed to pay ordinary shareholders, together with £1.26m that Adscene has offered to pay preference shareholders.

The acquisition is conditional upon the approval of shareholders at an extraordinary general meeting, which will be held on September 19.

Touche Remnant fund reconstruction delayed

By Nikki Tait

TOUCHE REMNANT, Britain's largest investment trust group which earlier this week saw a £560m bid for its flagship TR Industrial and General Trust, yesterday announced that the reconstruction of its substantially-smaller TR North America fund has been delayed.

An outline scheme, which envisaged converting the closed-end trust into a multi-class offshore investment company based in Luxembourg, was announced in April. It was hoped that proposals could be posted before the end of August.

Yesterday, however, TRNA said that "the process of achieving necessary local regulatory clearances is proving more lengthy than had been envisaged." This, it said, was due to "pressure of work coupled with the holiday season at relevant Luxembourg authorities during August".

Art dealing side helps Parambe maintain profit

Substantially higher profits from the art dealing side enabled Parambe to maintain its first half 1988 profit at £49,774, against £49,368.

Earnings per 10p share fell to 0.55p (0.78p) as a result of increased shares from the rights issue. The interim dividend is again 0.5p.

The directors said conditions in the art market remained firm for good quality items, and income therefrom came to £58,338 (£22,765).

It was very quiet for share dealing and underwriting, combined income amounting to £5,531 (£47,545), while gross investment income rose to £41,324 (£34,571).

At June 30 net asset value was 71.5p, against 67.5p six months' earlier.

AGB expects offer from PPFS before Wednesday

By Ray Bashford

AGB Research, Britain largest market research group, believes that it may receive a takeover offer from Pergamon Professional and Financial Services before next Wednesday's extraordinary general meeting.

The possibility of an offer became apparent on Thursday evening when PPFS, part of the Maxwell empire, announced that it had acquired 14.9 per cent of AGB's capital and was in talks which may lead to an offer.

Mr P.G. Tyrer, AGB finance director, last night said that efforts were being made to speed delivery of an offer. "The sooner we can end the uncertainty the better for everybody," he said.

The extraordinary general meeting could be a lively affair as it has been called to consider the proposal announced late month from MAI, money-broking and advertising group.

MAI was seeking to lift its holding from 9 per cent to slightly below 30 per cent in return for MAI's US market research group, MRI.

The deal was planned following AGB's decision to abandon its attempt to break into A.C. Nielsen's domination of the US audience measurement business which forced the group into a £45m write-off.

MAI yesterday said that it would not comment on the situation until "there is an offer on the table."

Talks between AGB and PPFS will continue over the weekend. Mr Tyrer said that if there was an offer shareholders may request an adjournment of the meeting, which would need a simple majority of shareholders.

TR Industrial and General said that it had sold shares to PPFS which reduced its holding from 11.2 per cent to 5.5 per cent. It is understood that PPFS has paid up to 220p for its shares. AGB closed yesterday 16p higher at 206p.

Midsummer in £3.3m purchase

By Vanessa Houlder

MIDSUMMER LEISURE, pub, snooker club and disco company, yesterday announced the acquisition of Maygay Group, an amusement machine manufacturer, for a minimum of £3.3m.

Mr Adam Page, Midsummer chairman, said that the acquisition was one of the company's most significant deals to date. It would complement its EJ Riley snooker table business, which also services pubs and clubs. In addition, the amusement machine business would benefit from Midsummer's relationship with brewers, he said.

Maygay, which manufactures one-armed bandits and bingo machines, claims to have 10 per cent of the amusement machine market. Mr Page said that the company, which has designed a new, more sophisticated range of machines, hoped to build on its existing share.

Midsummer has expanded rapidly since 1984 when the company, which operated seven public houses and two off-licences and was known as Camra (Real Ale) Investments, was acquired by Mr Page and Mr Paul Reece.

Last summer it bought Riley Leisure, the UK's leading snooker club operator, for £16.4m – a deal followed in February by the acquisition of seven more snooker clubs for £2.9m. In March it bought Bruce's Brewery, a London chain of pubs, for £6.6m.

Maygay, which was founded in the 1960s, comprises Maygay Machines, The Bestwood Cabinet Company, Mayfair Amusement Machines and Oproulette. Mr Peter Howell, the founder, Mr Roy Howell, the current managing director who has entered a 2½-year service contract, and their families are the principal vendors.

Midsummer's initial £3.3m payment for Maygay will be satisfied by £1.9m in cash and £1.4m in shares. Further payments of up to £4.25m in shares may be paid over the next two years.

Net profits of Maygay were £478,287 for the year to September 30 1987, at which time net assets were £599,532. The acquisition should be completed in early October.

Peachey shares dip below Wereldhave offer price

By Nikki Tait

SHARES IN Peachey Property Corporation, which is facing an unwanted £265m bid from the Dutch Wereldhave company, yesterday slipped below the 612p-a-share cash offer price for the first time.

Wereldhave's advisers, Morgan Grenfell, declined to say whether they had been in the market for shares. However, trading volume – although heavier than normal – was not substantial. According to SEAQ, 741,000 shares were traded – about 1.7 per cent of the equity – but that included both buyers and sellers. Wereldhave currently owns 10.4 per cent of its target and received acceptances on behalf of just 0.67 per cent of the shares by the first closing date.

Peachey has hit back against the bid with two significant asset revaluations, the latest being done at August 24. This estimated net assets per share at 676p. Wereldhave has until September 5 to increase its offer if it wishes.

Transrap 26% rise beats USM forecast

Satisfactory conditions and strong sales demand enabled Transrap Holdings to lift its profit by 26 per cent, from £491,000 to £621,000, in the year ended March 31 1988.

When the group, a plastic packaging manufacturer, came to the USM last February the profit forecast was for some £600,000.

Turnover rose 20 per cent to £5.3m. Mr John Tonks, chairman, said there was strong demand for polythene and polypropylene products.

A significant amount of a rise in raw material costs was absorbed through price increases.

Earnings were up to 4.5p (3.58p) and the dividend is 0.5p.

The chairman believed the group was heading for a record this year. It had started well with turnover and sales demand increasing.

When the new factory was fully operational it would enable the group to meet the strong demand.

He said the group was still committed to long term organic growth. Also several potential acquisitions were under discussion.

Waterford Glass in £11m disposal

Waterford Glass has completed the sale of its head leasehold interest in Spirella House, Oxford Circus, London, to OC Property Trust. Consideration was £11.05m.

The lease was acquired by Waterford in 1986 for £4.3m.

It is taking a lease-back of the retail part of the premises it already occupies.

Leisure Invs takes up option on racecourse

By Clare Pearson

Leisure Investments plans to exercise an option to buy Lingfield Park, which includes a racecourse, golf course and hotel on a 310-acre freehold site in Surrey

Leisure envisages that £4.9m of the £7m purchase price should be satisfied by a vendor placing of 5m new shares, and £1m through the issue of a convertible loan note. The balance will be paid in cash.

The company says the existing facilities of Lingfield Park, which is situated close to the motorway network in southern England, can be exploited by more intensive marketing and the development of further leisure-related activities.

Exercise of the option, for which Leisure paid £300,000, is subject to shareholder approval at an EGM on September 19.

The move follows the lapsing of Leisure's £5.5m offer for Bentley's of Piccadilly restaurant chain two months ago. Leisure, the roots of which lie in amusement arcades, this summer took over Theme Holdings, which operates London wine bars, restaurants, and pubs.

Greece Fund to be floated next month

By Philip Coggan

The Greece Fund, which delayed its planned July stock market launch, is now set to float next month. The fund, which will be the first in the UK to specialise in Greek investments, will aim to raise about £25m.

The July issue was delayed because it was structured too much towards UK investors. It has been remoulded to appeal to European investors by including an issue of warrants and a provision for the fund to be liquidated after 5 years at the shareholders' discretion.

The offer will now be co-led by Salomon Brothers International as well as Schroders.

Barings lower

More difficult trading operating conditions in securities markets left profits at Barings merchant bank lower in the first half of 1988 compared with the same period in the previous year.

However directors added that there was a good level of profitable business in corporate finance and related activities.

Govett raises stake

John Govett, fund management group, has lifted its stake in Marine Development by 3.1 per cent to 15.5 per cent. It now holds 2.32m of the shares of the USM-quoted marina owner and boat repairer.

Hobson pays £1.2m for Arnew Rubber

By Clare Pearson

Hobson, diversified holding company, is expanding its West Midlands-based manufacturing arm with the purchase of Arnew Rubber and Plastics for a maximum consideration of £1.2m.

Hobson said Arnew's products were complementary to those of a number of its subsidiaries, including Carawin, the Birmingham-based maker of aluminium framed doors and windows. Meanwhile, Hobson's trading companies were well placed to introduce Arnew to export markets.

The initial consideration of £420,000 was being satisfied by the issue of 1.25m Hobson shares, of which 68 per cent had been placed. The further £780,000 payment is related to performance.

In the year to end-May, Arnew made profits of £167,000 on turnover of £1.8m.

Braime holds recovery

THE RECOVERY which began in the middle of last year continued through the first half for TF & JH Braime (Holdings) which reported a near four-fold jump in pre-tax profits from £58,467 to £220,666 for the six months to June 30.

The interim dividend is lifted from 1.5p to 2p, while earnings increased from 2.38p to 9.7p.

Turnover rose by 32 per cent to £2.49m (£1.88m) and directors said the group was now reaping the benefits both of the deep cuts made during the long recession and the spreading of overheads over a more viable level of sales.

The company's US business, 4B Elevator Components, made a positive contribution to group profit for the first time.

Tax charged was £77,233 (£20,463).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Braime (TF&JH) ......int	2	-	1.5	-	5
Jaguar ......int	3.7	Nov 4	3.7	-	10.5
Parambe ......int	0.5†	-	0.5	-	1.45
Refuge Group ......int	6.5†	Nov 4	5.75	-	18
Transrap § ......fin	0.5	Sept 30	-	0.5	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
$145	F.P.	-	173	145	Christie Group 2p	168		t3.5	3.1	2.8	15.4
§75	F.P.	16/9	83	79	Dolemaster 10p	79		bl1.13	2.0	1.9	34.5
§85	F.P.	-	108	88	Eurocopy 5p	88	-2	R2.19	2.5	3.3	15.2
$115	F.P.	22/8	165	128	Lucas Group 10p	163	+2	3.7	2.5	3.0	15.2
†	F.P.	-	104	79	Lowndes Ventures 5p	82	-9	5.75	0.7	9.3	19.9
120	F.P.	-	151	123	National Telecom 5p	136	-3	12.0	4.1	1.9	13.3
$100	F.P.	28/7	106	91	Nestler Group	92	-1	u09.8	2.1	4.6	10.2
60	F.P.	26/8	74	58	Optim Group 10p	58	-1				20.2
‡	F.P.	-	88	76	RIT Capital Partners £1	76		-	-	-	-
$140	F.P.	27/7	161	140	Reject Shop 5p	140	-15	t3.15	2.2	3.0	18.1
140	F.P.	3/8	141	115	Rockfort Group 20p	115	-5½	R3.9	3.3	4.5	7.5
$125	F.P.	19/8	133	123	Savills 5p	123	-2	L3.8	2.5	3.3	13.6
‡	F.P.	-	143	115	Seafield	124					
-	F.P.	-	68	61	Tamaris 10p	65		u2.0	0.4	4.1	-
-	F.P.	-	21	14	Waverley Mining Warrants	21		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	96p	94p	Alexon Group 6.25p Cv. Rd. Pf. 10p	94p	-1
100p	F.P.	-	104p	100p	Attwoods (Fin) 8½pc Gtd Rd Cv Pf 5p	101p	
100p	F.P.	-	115p	113p	Bonded Laminates 8p Cv Rd Pf 10p	113p	
101.09	F.P.	-	102p	101p	Brent Chemicals Int. 9pc Cm Rd Pf	101p	
100p	F.P.	-	106p	97p	Dares Estates 7.75pc Cnv Cm Rd Prf	97p	
‡	F.P.	16/9	109p	106p	Hampson Inds.6.5pc Cv Cm Rd Pf	106p	-1
65	F.P.	12/8	65¼	65	Housing Fin.7pc. Deb.2009	65¼	
$101.2	F.P.	-	101½	99¼	Lon & Edin Tst 8⅞ 1st Cm Rd Pf 2013	99¼	-¼
$100.9	F.P.	-	99¼p	98¼p	McCarthy & Stone 8.75pc Rd. Pf. 2003	98¼p	
100p	F.P.	20/9	105p	99p	NMC Group (Net) Cn Cm Rd Pf 10p	99p	
-	F.P.	-	100	99½	N'wide Ang. 11⅛pc 7.8.89	99½	
-	F.P.	-	100	99¾	Do. 11⅛pc 29.8.89	99¾	
100p	Nil	-	20pm	7pm	Pleasurama 7.75pc Cv Cm Rd Pf	7pm	-2
$100p	F.P.	-	115p	110p	Prestwick Hldgs 7¼pc Cv Rd Pf £1	111p	
‡	F.P.	-	86½	78½	RIT Capital Ptnrs 2½pc Cv Uns Ln 2000	80½	+2
100p	F.P.	-	100p	81p	Summer Int'l. 7½pc Cv Rd Prf	81p	
100	F.P.	-	104p	100p	Tamaris 8½pc Cv. Rd. Pf. 2003	103p	
100p	F.P.	-	107p	100p	TVS Enter. 7.4p Cv Cm Rd Prf 2008	103p	+3
‡	F.P.	-	109p	103p	Wagon Ind'l. Hldgs. 7¼pc Cv Ptg Pf	107p	-1
‡	F.P.	21/9	102p	96p	Waterglade Intl.7.75% Cv Cm Rd Pf	96p	-1
$100p	F.P.	-	96p	95p	York Trust Grp. Rd. Cm. Cv. Pf. 20p	96p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
37.5	Nil	7/10	27pm	16pm	Amber Day Hldgs. 2½p	17pm	+1
190	Nil	28/9	13pm	1½pm	Brunning Group 25p	2½pm	+½
18	Nil	21/9	3pm	½pm	Energy Capital 1p	½pm	
10	Nil	5/10	14pm	10pm	BF & H Group 10p	11pm	-1
205	Nil	-	41pm	27½pm	Pisons	27½pm	
230	Nil	5/9	25pm	1½pm	Highland Participants 25p	1½pm	
175	Nil	29/9	85pm	44pm	Pleasurama 5p	44pm	-13
30	Nil	23/9	21pm	11pm	Union Square	11pm	-4
25	Nil	-	10pm	3½pm	Wilshaw 5p	3½pm	-½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. § Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings: Aug 22
- Last Dealings: Sep 9
- Last Declarations: Nov 24
- For settlement: Dec 5

For rate indications see end of London Share Service

Stocks dealt in for the call included **Microsystems, Sears, Scottish and Newcastle, Pleasurama, BSR, Belhaven, Bolton Textile, Rolls-Royce, Regentcrest, Astra Holdings, Charterhall, Mountleigh, Control Securities, Dee Corporation and Acorn Computer.**

RHM queries GFW's position

By Nikki Tait

RANKS HOVIS McDougall, British food group, and its adviser Morgan Grenfell are understood to be pushing for clarification of lapsed predator Goodman Fielder Wattie's intentions.

The hostile £1.7bn bid from GFW, a Sydney-based food company, lapsed after being referred to the Monopolies and Mergers Commission on August 18. At the time, GFW said that it was reviewing its position and that "a further statement would be made in due course".

Despite the general slide, the RHM share price has remained fairly firm. It closed on Friday afternoon at 411p, having fallen to 403p in the immediate wake of the reference decision.

This has been partly due to market speculation that GFW is poised to sell its 29.9 per cent stake in RHM to a third party. Yesterday, GFW's advisers said only that the stake had not been sold and that options were still being assessed.

However, in the absence of a buyer – and given the current problems in any placing – the odds on at least starting to contest the reference decision appear to be rising. It seems possible that a statement could be made next week.

The Monopolies Commission procedure itself, meanwhile, has already chugged into action, with the initial questionnaires going out to the parties involved.

COMPANY NEWS IN BRIEF

BOLTON HOUSE Investments has declared its offer for Thew Engineering Group unconditional in all respects following acceptance from over 80 per cent of the enlarged equity. Bolton shareholders have approved a change of change to Finance Land and General Holdings.

FALCON INDUSTRIES: recommended offer from Godfrey Davis has become unconditional as to acceptances with the company receiving valid acceptances, or irrevocable undertakings, in respect of 24.12m shares (58.91 per cent).

INOCO has sold a freehold investment property in Bootle for £2.18m, a surplus of £275,000 over book value. Proceeds will be used to reduce borrowings.

LILLEY (FJC) has received applications for 50.7m shares, representing 88 per cent of maximum available under the open offer. In addition, Mr A.G. Provost has taken up in full the offer of nearly 1.44m shares on the same terms.

MTM has issued for cash 325,000 ordinary shares at 146p to a major institutional investor. The proceeds will be used to reduce borrowings and further the expansion of the company.

OWEN AND ROBINSON has agreed the disposal of fixed assets and goodwill of Regency Jewellers (wholesale) to Goldfinger the Jewellery Warehouse for £300,000 cash.

RUBEROID: Moodscatter, an associate of Raine Industries, has acquired 1.15m Ruberoid ordinary (2.28 per cent). The purchase gives Raine an interest in 4.51m ordinary.

WARRINGTONS has reached preliminary agreement with Nashville-based Growth Development Corporation to jointly develop $15m-worth of commercial and residential properties in Florida over the next three years. With this scheme Warringtons, which has a 15 per cent interest in Growth Development, will embark on a five-year expansion of its property development activities internationally.

WOOD (SW) GROUP: Annual meeting postponed until September 28 due to printing difficulties.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 25 1988					WEDNESDAY AUGUST 24 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (87)	152.31	+0.7	132.87	123.89	3.65	151.30	133.64	123.52	152.31	91.16	162.57
Austria (16)	86.72	+1.6	75.65	84.03	2.47	85.33	75.37	83.84	98.18	83.72	96.97
Belgium (63)	111.77	+1.4	97.50	109.84	4.59	110.17	97.31	109.50	139.89	99.14	133.47
Canada (128)	117.33	−1.0	102.36	104.93	3.24	118.56	104.73	105.73	128.91	107.06	138.34
Denmark (39)	122.19	+0.5	106.59	119.11	2.47	121.62	107.42	120.30	132.72	111.42	122.83
Finland (26)	122.69	+1.0	107.03	114.07	1.51	121.53	107.35	114.04	139.53	106.78	–
France (129)	90.35	+0.1	78.82	89.67	3.62	90.27	79.74	90.98	99.62	72.77	114.33
West Germany (100)	74.44	+1.8	64.94	72.10	2.57	73.15	64.61	71.95	80.79	67.78	103.44
Hong Kong (46)	102.57	−0.1	89.48	102.76	4.43	102.66	90.68	102.85	111.86	84.90	144.03
Ireland (18)	130.19	−0.7	113.57	127.88	3.72	131.09	115.79	130.54	144.25	104.60	142.57
Italy (102)	72.07	+0.8	62.87	74.49	2.70	71.53	63.18	74.95	81.74	62.99	87.42
Japan (456)	162.57	+0.9	141.82	136.99	0.53	161.05	142.25	136.72	177.27	133.61	152.99
Malaysia (36)	140.84	+0.6	122.87	144.06	2.57	140.07	123.72	143.50	154.17	107.83	183.79
Mexico (13)	149.26	−0.1	130.21	372.00	1.46	149.41	131.97	373.52	180.07	90.07	340.23
Netherland (38)	100.48	−0.7	87.66	96.54	4.75	101.15	89.34	98.63	110.66	95.23	130.64
New Zealand (20)	77.77	+1.1	67.85	64.54	5.80	76.91	67.94	64.00	84.05	64.42	123.21
Norway (25)	109.44	−1.4	95.47	102.20	2.95	110.97	98.02	104.57	132.23	98.55	168.88
Singapore (26)	123.21	+0.7	107.49	115.49	2.29	122.34	108.06	114.93	135.89	97.99	173.18
South Africa (60)	114.89	+0.5	100.23	88.45	4.85	114.35	101.00	87.70	139.07	109.87	179.82
Spain (43)	144.49	+0.9	126.05	134.81	3.35	143.27	126.55	135.13	164.47	130.73	153.80
Sweden (35)	112.53	+0.2	98.16	107.32	2.66	112.33	99.22	108.17	125.50	96.92	127.29
Switzerland (55)	75.82	+1.0	66.15	73.85	2.32	75.10	66.34	74.27	86.75	74.82	108.22
United Kingdom (324)	126.49	−1.1	110.34	110.34	4.59	127.83	112.91	112.91	141.18	123.09	149.59
USA (580)	105.95	−0.6	92.43	105.95	3.75	106.63	94.18	106.63	112.47	99.19	135.34
Europe (1013)	102.07	−0.1	89.04	94.71	3.84	102.15	90.22	96.07	110.82	97.01	125.75
Pacific Basin (671)	159.79	+0.9	139.39	135.06	0.73	158.33	139.85	134.79	172.26	130.81	153.01
Euro-Pacific (1684)	136.70	+0.6	119.25	119.00	1.67	135.87	120.01	119.35	147.53	120.36	142.18
North America (708)	106.55	−0.7	92.95	105.90	3.72	107.26	94.74	106.59	113.29	99.78	135.50
Europe Ex. UK (689)	86.86	+0.8	75.77	85.05	3.19	86.20	76.14	85.61	92.99	80.27	110.96
Pacific Ex. Japan (215)	126.20	+0.5	110.10	110.92	3.90	125.59	110.94	110.65	128.27	87.51	153.24
World Ex. US (1885)	135.82	+0.6	118.49	118.34	1.74	135.07	119.30	118.69	146.49	120.26	142.59
World Ex. UK (2141)	124.06	+0.3	108.22	114.41	2.17	123.69	109.25	114.66	131.77	111.77	138.78
World Ex. So. Af. (2405)	124.31	+0.2	108.45	114.19	2.37	124.10	109.61	114.66	132.39	113.26	139.47
World Ex. Japan (2009)	105.88	−0.4	92.37	102.26	3.78	106.30	93.89	103.14	112.43	100.00	133.39
The World Index (2465)	124.26	+0.2	108.40	114.02	2.39	124.04	109.56	114.48	132.38	113.37	139.73

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

ECONOMIC DIARY

TODAY: Start of five-day international consumer goods trade fair in Frankfurt.

TOMORROW: International menswear fair opens at Earls Court (until August 31). Destruction of first Soviet SS-20 missiles under INF pact in Volga region of Kapustin Yan (and August 29).

MONDAY: Bank holiday. US single family home sales figures (July).

TUESDAY: Confederation of British Industry publishes monthly trends enquiry (August). Bank of England issues figures for London sterling certificates of deposit (July); bill turnover statistics (July); monetary statistics (including bank and building society balance sheets) and sterling commercial paper (July). Financial Times holds conference "Commercial aviation to the end of the century – expansion in an era of accelerating change" at the Hotel Inter-Continental, London (until September 1). Deadline for second payment of 105p on BP's partly-paid ordinary shares. US factory orders, leading indicators (July). SPD party conference in Munster, West Germany (until September 2). Chilean junta nominates presidential candidate for plebiscite, tentatively scheduled for early October.

WEDNESDAY: Department of Employment gives statistics for overseas travel and tourism (June). US construction spending (July). First-half results from General Accident Fire and Life Assurance, Guardian Royal Exchange Assurance and Pearl Group. Danish 1989 budget published.

THURSDAY: National Consumer *Council to make statement on* Common Agricultural Policy in London. British Tourist Authority pubishes annual report. Commission for Racial Equality to make statement on housing allocation in Tower Hamlets. US unemployment figures (August). Controversial labour legislation affecting workers' ability to strike becomes law in South Africa. Outgoing President Miguel de la Madrid gives final State of the Union address in Mexico City. South African withdrawal from Angola. Japanese external reserves (August). Hungary introduces certificates of deposit.

FRIDAY: The Treasury publishes UK official reserves (August). Bank of England gives capital issues and redemptions figues (August). Department of the Environment publishes housing starts and completions (July). United *Nations Conference on Trade and* Development (UNCTAD) releases annual trade and development report covering proposals on Third World debt reduction.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	1,300	153	+1½
Abbey Life	792	308	−2
Allied-Lyons	2,000	395½	−7½
Amstrad	2,100	207	−2½
Argyll Group	4,400	179	
Assoc. Brit. Foods	54	303½	−½
BAA	1,800	262	−3½
BAT	4,000	437	+3
BET	892	223	+1
BICC	214	340	+3
BOC	544	394	
BPB Inds	1,900	272½	−9½
BTR	1,100	271	−1
Barclays	4,200	395	−6
Bass	673	759	−2
Beecham	1,300	468	+1½
Blue Arrow	2,400	94	+½
Blue Circle	1,100	428	−12
Boots	2,000	211½	−2½
Brit. Airways	1,700	152	−2
Brit. Aerospace	597	493	−6
Brit. & Comm.	2,900	226	
British Gas	6,600	176	+½
British Land	309	314	−4
BP	4,700	239	−1½
Brit. Telecom	3,000	232½	−1½
Burmah Oil	1,000	504	−1
Burton	1,800	210	−1
Cable & Wireless	485	357	−1
Cadbury Schweppes	2,100	363½	−1
Coats Viyella	752	215	−1
Commercial Union	944	340	

Stock	Volume 000's	Closing Price	Day's change
Cons. Gold	402	990	
Cookson	1,100	239	−5
Courtaulds	1,200	321½	−1½
Dalgety	309	332	+1
Dee Corporation	1,600	173½	+½
Dixons	3,700	158	−10
Eng. China Clays	432	463	
Enterprise Oil	501	445	−2
FKI Babcock	637	121	−1
Fisons	1,800	233	−1
General Accident	139	882	+1
General Elect.	4,800	154½	
Glaxo	2,400	940	−6
Globe Investment	246	140	
Glynwed	521	296	−1
Granada	604	293	−1
Grand Met	2,200	500	−1
GUS "A"	695	£10¼	−⅛
Guardian R.E.	1,200	178½	
GKN	1,400	315	−3
Guinness	2,300	308	−1
Hammerson	709	610	−3
Hanson	9,500	136½	
Harrisons & Crsfd.	97	623	−5
Hawker Siddeley	896	513	−1
Hillsdown Hldgs	504	274	−3½
IMI	756	193	−5
ICI	950	992	−1
Inchcape	781	398	−3
Jaguar	3,600	252	−12
Ladbroke	1,900	450	−2

Stock	Volume 000's	Closing Price	Day's change
Land Securities	1,900	536	−3
Laporte	158	403	+1
Legal & General	401	308	−1
Lloyds Bank	354	292	+2½
LASMO	2,200	390	+1
Lonrho	3,700	246	+2
Lucas	824	535	−2
MEPC	893	518	−6
Marks & Spencer	5,100	157½	−3½
Maxwell Comm.	1,700	199	−4
Metal Box	2,000	212	−6
Midland Bank	722	397	−2
NatWest Bank	1,900	525	−2
Next	1,900	219	−1
Northern Foods	208	274	−3
Pearson	144	714	−17
Pearl Group	957	472	−2
P & O	623	566	−7
Pilkington	1,100	284	+½
Plessey	496	159½	+½
Prudential	3,000	154½	
Racal	2,200	307	+1
Rank Org.	380	609	−1
RMC	305	454	−12
RHM	1,200	411	
Reckitt & Colman	212	898	
Redland	185	404	−3½
Reed Intl.	1,400	412	−9
Reuters "B"	648	471	−1
RTZ	1,300	438	−1
Rolls-Royce	2,600	132½	−1

Stock	Volume 000's	Closing Price	Day's change
Rothmans "B"	169	421	−2
Ryl Bank Scotland	53	339	−5
Royal Insurance	1,100	382	
STC	6,000	258½	−3½
Saatchi & Saatchi	3,300	354	−3
Sainsbury	2,800	211	−2
Scott & Newcastle	720	338½	−8½
Sears	11,000	140½	−4
Shell Transport	1,100	996	−2
Siebe	453	376	+1
Slough Estates	285	283	−2
Smith & Nephew	3,100	117½	−½
Standard Chart.	1,000	498	−10
Storehouse	1,700	214	−3
Sun Alliance	148	960	+2
T & N	678	176½	−1
TSB	2,700	181	+½
Tarmac	1,700	226	−6½
Tate & Lyle	1,300	858	−2
Tesco	1,300	142	
THORN EMI	1,600	634	−8
Trafalgar House	732	313	−1
Trusthouse Forte	2,100	236½	−4½
Ultramar	1,100	251	
Unilever	2,700	440	−1
United Biscuits	2,200	272½	−2½
United News.	546	401	−3
Wellcome	1,000	497	+1
Whitbread "A"	585	289	−4
Williams Holdings	2,500	283	−8
Wimpey	608	238	−6
Woolworth	1,100	258	−5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday August 26 1988						Thu Aug 25	Wed Aug 24	Tue Aug 23	Year ago (approx)	Highs and Lows Index			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (218)	771.61	−1.4	10.49	4.13	11.82	17.16	782.56	805.56	803.24	948.11	826.39 8/8	706.80 8/2	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (29)	973.98	−2.2	11.66	4.37	10.53	21.41	995.53	1028.17	1021.69	1181.18	1058.10 5/8	937.68 8/2	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (37)	1535.79	−2.3	10.97	3.53	11.89	27.59	1572.39	1618.88	1611.30	1709.02	1626.89 8/8	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (12)	2095.48	−0.6	8.94	4.80	13.76	49.65	2107.80	2163.10	2152.34	2431.18	2241.96 5/8	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5	Electronics (31)	1678.44	−0.6	10.32	3.59	12.45	40.30	1688.57	1744.56	1743.90	2016.55	1798.32 8/8	1423.66 9/2	2236.78 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (57)	408.07	−1.2	10.10	4.28	12.29	9.23	412.82	425.41	422.88	518.81	437.20 8/8	367.28 8/2	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	465.52	−2.8	10.13	4.08	12.21	7.95	474.91	488.37	486.41	557.15	509.92 14/7	424.40 19/2	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	270.74	−1.5	12.02	4.86	9.60	6.62	274.98	281.69	281.57	383.18	295.13 10/3	259.79 5/4	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1266.88	−1.3	9.32	4.40	12.83	28.49	1282.98	1311.85	1313.89	1612.95	1350.59 4/8	1191.01 8/2	1736.88 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (185)	1051.67	−1.0	9.39	3.77	13.45	19.26	1062.06	1081.85	1082.83	1295.50	1118.61 8/8	996.55 8/2	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	1083.01	−1.0	10.79	3.76	11.69	20.84	1093.46	1117.21	1116.64	1154.94	1141.54 15/6	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (21)	946.22	−0.4	9.16	3.91	13.96	17.95	950.31	967.53	965.69	1004.40	1016.66 1/8	803.48 6/4	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (16)	1926.96	−0.2	8.98	3.46	14.69	38.49	1930.77	1956.97	1949.37	2401.45	2179.42 10/3	1926.96 26/8	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (12)	1784.23	−0.2	6.98	2.75	16.62	18.01	1787.49	1815.43	1814.39	2498.06	1927.94 10/3	1708.33 13/1	2699.85 16/7/87	175.38 28/5/80
29	Leisure (30)	1316.48	−1.3	9.33	3.88	13.75	28.32	1334.20	1362.09	1358.78	1358.23	1395.36 8/8	1142.19 4/1	1584.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (17)	508.15	−2.3	9.83	4.07	13.05	9.98	512.06	525.11	526.38	692.83	540.00 8/8	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3387.42	−1.7	8.43	4.51	14.89	73.53	3444.45	3514.07	3531.90	4561.46	3647.52 8/8	3265.99 25/4	5070.66 5/10/87	55.88 6/1/75
34	Stores (34)	769.66	−2.1	10.79	4.30	12.19	15.08	786.31	800.39	806.96	1051.38	859.85 28/1	769.66 26/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (16)	562.01	−0.7	12.30	4.86	9.54	12.65	566.06	581.10	584.01	801.59	620.72 27/4	546.27 19/2	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (93)	871.85	−0.4	11.43	4.52	10.70	19.92	875.14	890.72	887.52	1128.05	918.89 1/7	834.42 8/2	1192.48 8/10/87	58.63 6/1/75
41	Agencies (19)	1062.74	−0.5	8.53	2.57	14.82	18.11	1067.93	1089.17	1087.20	1693.10	1219.02 18/3	1016.74 8/2	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (21)	1022.43	−0.1	12.49	4.97	9.61	35.79	1023.73	1043.96	1040.17	1456.10	1121.86 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	2179.98	−0.4	10.81	4.58	10.68	22.91	1184.29	1212.98	1212.54	1444.41	1243.92 5/8	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (12)	1880.27	−1.0	11.46	4.78	11.55	34.38	1899.97	1940.06	1937.37	2252.40	1992.59 23/3	1718.96 4/1	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	925.97	−0.6	12.00	4.81	10.82	20.38	931.22	944.90	942.82	1083.05	1011.82 1/7	888.24 12/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (26)	1202.34	+0.1	11.39	4.30	10.04	24.64	1201.48	1214.56	1200.80	1631.75	1217.48 23/3	1096.28 19/5	1773.70 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (488)	941.80	−0.9	10.24	4.07	12.15	19.41	950.61	970.86	969.56	1174.86	998.43 8/8	887.00 8/2	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (12)	1717.99	−0.3	11.00	6.29	11.67	64.62	1722.90	1772.58	1780.13	2223.52	1881.96 21/6	1699.17 13/1	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1007.78	−0.8	10.35	4.38	12.08	23.20	1016.31	1039.01	1038.41	1263.89	1070.40 8/8	958.79 5/2	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (122)	670.52	−0.6	–	5.21	–	18.46	674.62	693.33	691.50	887.92	720.68 14/6	630.02 8/2	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	637.91	−0.6	22.44	6.84	5.97	25.83	642.07	659.36	657.37	814.08	696.53 21/7	610.26 7/4	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	1010.77	−0.3	–	4.97	–	24.97	1014.17	1042.36	1037.69	1070.44	1090.17 1/8	938.43 9/2	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	526.38	+0.1	–	5.87	–	15.67	525.70	540.16	538.82	603.21	567.92 10/6	481.43 8/2	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	951.98	−0.5	10.12	6.69	12.77	31.74	956.94	985.63	976.24	1240.98	1022.51 27/6	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	341.09	−1.1	–	4.28	–	7.08	344.76	353.47	354.18	495.03	378.23 9/6	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69	Property (51)	1152.59	−1.1	5.51	2.81	23.26	15.18	1165.79	1200.48	1197.60	1240.34	1258.31 15/6	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	363.96	−0.5	10.76	5.35	11.68	9.54	365.80	375.20	375.48	552.21	401.37 22/3	363.96 26/8	603.48 16/7/87	53.29 17/12/74
71	Investment Trusts (78)	894.65	−0.6	–	3.15	–	13.49	900.18	916.44	900.73	1133.57	935.58 13/7	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	521.99	−0.1	9.18	3.60	12.32	8.12	522.73	534.62	529.16	633.85	556.12 23/6	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1145.86	−0.3	10.04	4.88	11.70	35.31	1148.78	1176.23	1179.59	1182.51	1203.16 8/7	969.88 4/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (710)	921.68	−0.8	–	4.46	–	21.56	928.91	950.34	948.85	1146.69	978.58 8/8	870.19 8/2	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Aug 25	Aug 24	Aug 23	Aug 22	Aug 19	Year ago				
	FT-SE 100 SHARE INDEX ♦	1770.7	−9.5	1783.4	1759.7	1780.2	1819.2	1817.9	1832.3	1844.3	2249.7	1879.3 22/6	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 26	Day's change %	Thu Aug 25	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	118.88	−0.15	119.06	–	7.89
2	5-15 years	133.94	−0.53	134.65	–	9.34
3	Over 15 years	145.10	−0.75	146.20	–	8.78
4	Irredeemables	163.76	−0.83	165.14	–	8.49
5	All stocks	131.77	−0.45	132.36	–	8.82
	Index-Linked					
6	5 years	126.46	+0.07	126.37	–	1.81
7	Over 5 years	120.40	−0.26	120.71	–	2.43
8	All stocks	120.72	−0.23	121.00	–	2.37
9	Debentures & Loans	116.93	−0.10	117.05	–	7.11
10	Preference	90.67	−0.81	91.41	–	3.61

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 26	Thu Aug 25	Year ago (approx.)	1988 High	1988 Low
	British Government						
1	Low	5 years	10.04	9.93	9.67	10.04 26/8	8.38 18/4
2	Coupons	15 years	9.65	9.55	9.95	9.83 13/1	8.98 18/4
3		25 years	9.32	9.22	9.77	9.57 13/1	8.82 18/4
4	Medium	5 years	10.44	10.30	10.51	10.44 26/8	8.75 18/4
5	Coupons	15 years	9.89	9.79	10.22	10.01 13/1	9.12 15/3
6		25 years	9.58	9.49	9.99	9.79 13/1	8.99 14/3
7	High	5 years	10.58	10.47	10.57	10.58 26/8	8.84 18/4
8	Coupons	15 years	10.02	9.91	10.40	10.16 13/1	9.26 15/3
9		25 years	9.59	9.46	10.02	9.82 13/1	9.03 15/3
10	*Irredeemables* †		9.95	9.83	9.92	9.95 26/8	8.65 18/4
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.24	3.23	3.29	3.24 26/8	2.09 30/3
12	Inflation rate 5%	Over 5 yrs.	3.88	3.85	3.98	4.27 13/1	3.67 13/4
13	Inflation rate 10%	5 yrs.	2.16	2.13	3.19	3.59 13/1	1.09 30/3
14	Inflation rate 10%	Over 5 yrs.	3.71	3.68	3.97	4.37 13/1	3.50 20/4
15	Debs &	5 years	11.04	11.04	11.56	11.08 13/1	10.16 24/5
16	Loans	15 years	11.02	11.01	11.52	11.07 1/1	10.51 19/4
17		25 years	*11.00*	*10.99*	*11.47*	*11.11 1/1*	*10.51 19/4*
18	Preference †		9.98	9.89	10.83	10.84 4/1	9.54 22/6

♦ Opening index 1783.1; 10 am 1774.4; 11 am 1770.8; Noon 1760.6; 1 pm 1761.4; 2 pm 1762.3; 3 pm 1765.5; 3.30 pm 1768.7; 4 pm 1769.7

CONSTITUENT CHANGES: Ellis & Goldstein(35) has been deleted. BM Group(6) has been inserted.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	11	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	11	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	11	Co-operative Bank	*12	PRIVATbanken Limited	12
Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	12
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	11
Associates Cap Corp	10	Dunbar Bank PLC	12	Roxburghe G'rantee	11½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Banco de Bilbao	12	Exeter Trust Ltd	12½	● Smith & Williamson Secs.	12
Bank Hapoalim	12	Financial & Gen. Sec.	11	Standard Chartered	12
Bank Leumi (UK)	11	First National Bank Plc.	11½	TSB	12
Bank Credit & Comm.	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	‡11.45
Bank of Cyprus	12	Robert Fraser & Ptnrs.	11½	United Bk of Kuwait	12
Bank of Ireland	11	Girobank	12	United Mizrahi Bank	12
Bank of India	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of Scotland	12	HFC Bank plc	12	Western Trust	12
Banque Belge Ltd	12	● Hambros Bank	12	Westpac Bank Corp.	12
Barclays Bank	12	Heritable & Gen Inv Bk	12	Whiteaway Laidlaw	12½
Benchmark Bank PLC	12	● Hill Samuel	§12	Yorkshire Bank	12
Berliner Bank AG	12	C. Hoare & Co.	12		
Brit. Bk of Mid East	12	Hongkong & Shangh.	12		
● Brown Shipley	12	● Leopold Joseph & Sons	12		
Business Mtge Tst	12½	Lloyds Bank	12		
CL Bank Nederland	12	Meghraj Bank Ltd	12		
Central Capital	11	Midland Bank	12		
● Charterhouse Bank	12	Mount. Bnkg Corp.	12		
Citibank NA	12	Nat Bk. of Kuwait	12		

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[illegible]

TOTAL VOLUME IN CONTRACTS : 25,094

A=Ask B=Bid C=Call P=Put

APPOINTMENTS

Senior Canadian position for Perkins managing director


Mr John Devaney

■ **Mr John Devaney**, managing director of Perkins Engines, Peterborough, has been appointed group vice president of the North American enterprises group of the holding company, VARITY *CORPORATION. He* will be responsible for the existing operations which include Dayton Walther, Dayton Parts, and the corporation's retail financial operations, as well as a portfolio of venture capital investment activities. Mr Devaney will spearhead the corporation's strategic initiatives in North America toward further diversification by acquisition. He will be based in Toronto.

■ **Mr Eric Pillinger**, managing director of TACK Training International, and **Mr Michael Hunt**, managing director of NuAire, have been appointed to the board of TACK INDUSTRIES, the parent company of the TACK Organisation.

■ Following the death of Mr R.F. Oxley, founder of the Ulverston-based electronics company, OXLEY DEVELOPMENTS, Dr G.S. Edwards has been made managing director.

■ **Mr Malcolm Durham** will join the board of BALDWIN as finance director from October 3.

■ **Mr Colin Hall** has been appointed president of BritRail International, BRITISH RAIL's New York based company selling rail travel to the North American market. He was personal assistant to a vice chairman of the British Railways Board. **Mr Anthony Gay** has been appointed international marketing manager, and **Mr Geoffrey Styles** becomes international sales manager.

■ SPRING BATHROOMS, part of The Spring Ram Corporation, has appointed **Mr Malcolm Burley** as sales and marketing director. He was sales director at Celmac.

■ **Mr Mike Dixon** has been appointed a director of PAXUS FINANCIAL SYSTEMS, Twyford, Berkshire, supplier of computer software to the UK insurance industry. He was European general manager.

■ **Ms Beverley Duke**, executive director of investments administration at HADRIAN TRUSTEES, independent trustee of the Shipbuilding Industries Pension Scheme, has additionally been appointed a director of Solway Pensions, Hadrian's associate company.

■ **Mr Leo Collins** has been appointed sales director of JENARO, manufacturer of firesafe furniture and upholstery materials. He was head of marketing at the Furniture Industry Research Association.

■ **Mr Phil Atkinson** has been appointed media director of ASH GUPTA COMMUNICATIONS GROUP, Edinburgh, part of Moss Trust.

■ **Mr Julian Goodhew** has been appointed treaty underwriter from September 1 at AMERICAN RE-INSURANCE COMPANY (UK).

■ **Mr Robert Kelly**, strategy manager of FEDERAL EXPRESS SYSTEMLINE, has added responsibility for European marketing.

■ LOVAUX, Bournemouth Airport, Dorset, has promoted **Mr Edward C. Searle** from marketing manager to marketing director, aircraft engineering division, military and civil aircraft.

■ **Mr David Cliffe** has been appointed UK marketing director of RELATIONAL TECHNOLOGY, a US company. He was director of European marketing operations for Northern Telecom.

■ **Mr David Gane** has been appointed sales director of warm air specialist JOHNSON & STARLEY, a Bullough Group company.

Toyota boosts earnings by 31%

By Ian Rodger in Tokyo

TOYOTA MOTOR, Japan's leading car maker, seems likely to regain its position as Japan's most profitable company following publication of sharply improved profits in the year to June.

Pre-tax profits jumped 31 per cent to Y521.7bn ($3.91bn) on sales up 11.1 per cent to a record Y6,691.3bn. By contrast, earnings at Nomura Securities, last year's most profitable company, are expected to fall to about Y400bn in its year which ends next month.

Toyota's profits mark a strong recovery from the previous year when the negative effects of the high yen and a weak home market for cars hurt the company. In the latest year, vehicle production was up 7.1 per cent to 3.9m units.

Domestic car sales rose 13.7 per cent to 2m units. Exports dipped 0.2 per cent, mainly because an 11.5 per cent fall in shipments to the US was not offset by gains elsewhere.

Toyota is still looking for a joint venture for manufacturing in Europe. However, even if it does not find one, it expects to set a policy for manufacturing in Europe later this year, once the European Commission has announced its proposed policy on the motor industry after 1992. Mr Tatsuro Toyoda, senior managing director, said yesterday that the company would prefer to expand in Europe with a partner than on its own. "We would prefer to go in a manner that we would be welcomed. If there are any offers from European car companies, we are ready to respond."

Toyota has lagged behind Nissan and Honda, the two other leading Japanese car makers, in establishing manufacturing arrangements in Europe. Nissan has its own factories in Spain and the UK, while Honda has joint ventures with Rover Group in Britain.

Toyota has recently established a joint venture with Volkswagen to produce pick-up trucks in Hanover but Mr Toyoda said the company had "never discussed" making cars with VW.

There are widespread fears among Japanese manufacturers that the EC will become protectionist after 1992 and so Toyota's search is becoming more urgent.

Asked if Toyota was considering exporting cars to Europe from its US factories, Mr Toyoda said the company had "never even studied the possibility." Neither had it reviewed EC attitudes to such a move.

The company believes the Japanese car market will remain strong in the current year, but competition from both domestic and foreign rivals will intensify as markets elsewhere weaken.

In its latest year, Toyota again made substantial profits from its huge liquid balances, which reached Y1,843bn at the end of June. Its earnings on these funds amounted to Y127.6bn. Net income jumped 18.9 per cent to Y37.8bn.

"It is our full intention to continue with company-wide efforts to maintain the profitability of the last term," Mr Masami Iwasaki, vice-president, said yesterday.

Holmes à Court kept on as Bell Group chief

By Gordon Cramb

MR ROBERT Holmes à Court, the Perth entrepreneur who took a mauling in the October crash, is to stay on as chairman of Bell Group, his flagship company in which Mr Alan Bond's Bond Corporation Holdings this month gained majority control.

Mr Bond yesterday took over the chair at Bell Resources and at J.N. Taylor *Holdings, two Bell offshoots,* and his nominees now hold effective sway on the boards of all three. This followed the endorsement by Bell Group

Alan Bond: took the chair at two offshoots

directors last week of Bond Corporation's A$850m (US$695m) bid.

But at Bell Group itself, in which Bond has gained 59 per cent, Mr Holmes à Court is being retained as chairman. He will also remain under Mr Bond as a director of Bell Resources, the cash-rich energy and mining subsidiary.

After selling Mr Bond 19.9 per cent of Bell Group in April, Mr Holmes à Court had expressed a desire to retire from what he called the "fun and complexity" of public corporate life.

Since the crash, Mr Holmes à Court presided over a A$2bn programme of asset disposals. Of Bell's remaining businesses he is known to be keenest to keep the British theatre interests which were formerly part of Lord Grade's Associated Communications. Mr Holmes à Court is understood to be negotiating a buyout of these from Bell Group International, the group's London arm.

Shareholders press Saga Petroleum to seek link

By Karen Fossli in Stavanger

MAJOR shareholders in Saga Petroleum, Norway's independent oil company, have suggested that the company either merge or co-operate with a domestic or foreign oil group in an attempt to strengthen its financial position.

The move follows Saga's announcement on Monday of a sharp fall in first-half profits before extraordinary items to NKr62m ($9m) from NKr263m a year earlier.

Saga's future came into sharp focus this week when Mr Knut Daehlin, a division head in the Ministry of Oil and Energy, said in an interview that to have three fully-integrated (Norwegian) oil companies was one too many.

In his opinion a merger between Saga and Norsk Hydro, Norway's largest publicly-quoted company, would not pose problems. Hydro has interests in oil and gas.

Yesterday Mr Gerhard Heiberg, president of the Aker Group, which holds a 20 per cent stake in Saga, said in a television interview that he, along with other Saga shareholders including Den norske Creditbank with its 9.77 per cent stake,supported a merger or co-operation agreement for the company. *Akers's stake is* worth about NKr400m.

Mr Heiberg said in May that "If we believe that oil prices will remain low we will have to sell out" of Saga.

Norsk Hydro approached Saga in 1986 in an attempt to acquire a large stake in the company and to map out a strategy for co-operation. At that time Saga needed a large cash injection and was seeking a partner.

Saga had already approached Paris-based Elf Aquitaine, which expressed interest in acquiring a large stake, but the idea foundered on the Norwegian authorities' wish to keep Saga a Norwegian company.

In May the Storting (parliament) gave Saga permission to develop its Snorre oil and gas field in an attempt to secure the company's future. But critics argued that the economics of the project under prevailing low and volatile oil prices were not robust enough to support its development.

Wienerwald German chain up for sale

By David Goodhart in Bonn

THE West German division of the famous Wienerwald restaurant chain is up for sale and two British companies — one of which is understood to be Trusthouse Forte — have expressed an interest.

Wienerwald, founded by 65-year-old Mr Friedrich Jahn, has a chequered past. The group came close to collapse in 1982, although friends of Mr Jahn have always maintained this was prompted by excessively cautious banks withdrawing support.

Mr Jahn was, in any case, forced to sell and found a buyer in the glamorous and controversial figure of Mrs Renate Thyssen, with whom he has subsequently been in constant legal battle.

As part of the deal with Mrs Thyssen, Mr Jahn was able to buy back the West German division of the chain for a sum believed to be as little as DM5m ($2.7m). He has now decided to sell, having reached retirement age and having no heir interested in taking over the business.

The 230 German restaurants are now on the market for a sum believed to be several times the DM5m which Mr Jahn paid for them. The interested parties include the two UK companies, an Austrian company and Mr Peter Dussmann, a Munich entrepreneur.

Mr Dussmann is thought to be the favourite to acquire the business.

Cathay and property lift Swire

By John Elliott in Hong Kong

SWIRE PACIFIC, the Hong Kong aviation, property and trading group, lifted net profits 24 per cent to HK$1.36bn (US$174.4m) in the six months to June, reflecting good results from its Cathay Pacific Airways subsidiary and from property and trading interests.

Although the overall figure was in line with market forecasts, shipping and industrial results were disappointing.

On Wednesday the 50.2 per cent-owned Cathay Pacific reported a 23.2 per cent increase in after-tax interim profits to HK$1.03bn, despite a setback in returns from investments in international financial markets.

Swire's profits were helped by the completion of property developments, including phase one of the 270,000 square metre Pacific Place development in central Hong Kong.

Turnover rose 22.8 per cent to HK$11.64bn. Extraordinary items added a further HK$385.9m to earnings, mainly arising from the sale to Cheung Kong by Hongkong United Dockyards, 50 per cent owned by Swire Pacific, of its interest in a local dockyards development.

Mr David Gledhill, chairman, said that prospects for the full year were good and he expected the final dividend to be at least double the interim dividend declared yesterday of 23 cents per A share and 4.6 cents per B share. Last year's interim payouts were 19 cents per A share and and 3.8 cents per B share.

Acquisitions help Aga to raise profits by 11%

By Sara Webb in Stockholm

AGA, THE Swedish industrial gas group, increased profits after financial items by 11 per cent to SKr537m ($83.4m) in the first six months, helped by recent acquisitions.

The group said that full-year profits are expected to show at least an 11 per cent increase on the 1987 figure of SKr1.01bn. It predicted a further increase in the operating profit for the gas division and for its commercial freezing business, but warned that energy operations would yield a lower result.

Group operating profit increased by 15 per cent in the half to SKr620m. Sales dropped 8 per cent to SKr4.64bn due to the disposal of Aga's tool steel division — which had sales of SKr1.09bn — in March.

The gas operation reported a 42 per cent increase in operating profits to SKr534m and a 21 per cent rise in sales to SKr3.25bn. The gains were helped by acquisitions and better margins.

Aga has bought two French industrial gas companies recently, Duffour & Igon and Liquéfaction de l'Air, although the latter was not included in the six months figures.

Profit at Frigoscandia, the commercial freezing division, tumbled 21 per cent to SKr38m, despite a 13 per cent rise in sales to SKr839m.

Aga's energy business showed a 21 per cent drop in profit to SKr48m, and sales slipped 2.6 per cent to SKr558m.

Greek nickel producer to be auctioned

By Our Financial Staff

HELLENIC Mining and Metallurgical, Greece's sole nickel producer, will be auctioned on September 28, five years after two state banks took effective control of the company, which was suffering from depressed world prices and debts.

The Larymna-based concern, known as Larco, is expected to be bought by the state, the company said yesterday.

A Greek court has put the minimum value of Larco's assets at Dr25.9bn ($170m). Larco has Dr40bn of debts.

The National Bank of Greece owns 56 per cent and the Commercial Bank of Greece 19 per cent, with the remaining 25 per cent held by Bodosakis Group.

Strong advance at CRA unit

By Chris Sherwell in Sydney

STRONG ALUMINIUM prices and reduced taxes have helped Comalco, the quoted subsidiary of the Australian resources group, CRA, to report interim profits which exceed its best ever full-year earnings.

Coming after a healthy profits rise at CRA's Bougainville Copper, the results augur well for the group's figures when they are reported next month.

Yesterday's Comalco announcement showed net earnings of A$166m (US$135.7m) for the six months to June, more than six times higher than the A$24.6m for the same period of 1987.

Equity-accounted profits showed a fivefold rise to A$180.8m, while earnings including extraordinary items rose by a similar proportion to A$243m. Revenues increased to A$1.21bn from A$934m.

Directors announced an interim dividend of 12 cents, up from 3 cents. They said this and the final dividend would be fully franked for tax purposes, and that on the present outlook the 1989 interim dividend would be as well.

Describing market conditions, Comalco said it expected high aluminium prices to continue but not at the levels seen in the first half. London three-month prices increased from US$1,890 per tonne at the beginning of the year to $2,530 at the end of June.

The escalation reflected strong demand, particularly in Japan, because of low inventory levels and a concern that shortages might result from labour disturbances or other disruptions, Comalco said.

The results were clearly helped by the cuts in corporate tax in Australia (from 49 per cent to 39 per cent, from January) and in New Zealand (from 48 per cent to 28 per cent).

An extraordinary gain of A$62m has arisen through a restatement of net future tax liabilities at the lower rates.

Air NZ decision 'near'

By Terry Hall in Wellington

FINAL DECISIONS are being made on the privatisation of Air New Zealand and a deal should be announced within two months, a Treasury official said yesterday.

A number of international airlines including British Airways are keen to buy a shareholding in the profitable airline, which has valuable routes to North America and London.

British Airways is known to want a 25 per cent stake and there have been suggestions that Brierley Investments, the leading local investment company, might buy the rest.

Qantas of Australia has submitted a bid, also believed to be for 25 per cent, and its cause has been promoted by the Australian Government on the grounds of strengthening both airlines' competitiveness.

Qantas is said to be prepared to pay up to A$150m (US$123m) for a quarter stake. Sir Colin Marshall, BA chief executive, in New Zealand recently refused to say how much his airline would bid. It is known that Air New Zealand senior staff prefer a link with BA.

Singapore Airlines is also believed to have made an offer.

Mr Hugh Fletcher, Air New Zealand's chairman, says his Fletcher Challenge group will not make a bid.

Swissair in Maeder move

By John Wicks in Zurich

SWISSAIR may acquire a majority shareholding in Jacky Maeder International Forwarding, a leading Swiss forwarding agent. The airline currently owns 17 per cent in the company, which in 1987 achieved turnover of SFr337m ($215m).

Most of the shares in Jacky Maeder are held by Union Bank of Switzerland, which controls more than 81 per cent of the capital through two holding subsidiaries. Swissair is currently in talks with UBS.

Jacky Maeder is particularly strong in air freight and is market leader in forwarding from Switzerland to the US.

WORLD COMMODITIES PRICES

Week in the Markets

WITH LITTLE in the way of fundamental developments for traders to get their teeth into, most London commodity futures markets spent this week extending recent price movements.

Cocoa's seemingly inexorable decline continued, taking futures market values to the lowest level for seven years, while sugar was still marking time following its earlier dramatic price movements. On the London Metal Exchange copper's rally was extended, as was zinc's, but nickel continued to drift downwards.

The cocoa market's weakness, which has now trimmed more than £230 a tonne from the already depressed futures prices ruling at the beginning of the year, this week reflected the further easing of the nearby supply tightness which had been caused earlier by the Ivory Coast's policy of withholding beans from the market. With this factor fading, the market has been left with no defence against undeniably bearish fundamentals.

Consumption is rising, it is true, but it is still being easily outpaced by production, and world stocks are rising to dispiritingly high levels.

In June Gill & Duffus, the influential London trading house, forecast that by the end of the 1987-88 season, next month, stocks would stand at about 705,000 tonnes — equivalent to 4.3 months' consumption and exceeded only by the exceptional figure of 845,000 tonnes reached at the end of the 1964-65 season. But latest forecasts suggest that even that record could be threatened soon. For the Ivory Coast — already the world's biggest producer — 1988-89 crop figures as high as 750,000 tonnes have been suggested, more than 100,000 tonnes above the level estimated for this season.

This does nothing to improve the prospects for next month's London meeting of the International Cocoa Organisation, which will discuss the possibility of resuming buffer stock support buying of cocoa beans. Unless producers are willing to lower significantly their price ambitions, which seems unlikely, it is difficult to see what progress can be made at the meeting. Judging by recent market performance, London's cocoa traders are holding out no great hopes.

At the London Metal Exchange meanwhile, traders seemed in a more hopeful mood. With buoyant demand prospects tending to overshadow any thoughts of increased supply, prices generally moved higher.

The pace was set by copper, which extended its upward run to eight consecutive trading days as the cash position put on £82.50 to £1,398.50 a tonne.

There were no fresh fundamental factors to explain the rise, but dealers seemed to be reassessing the stocks situation and, generally, coming to mildly bullish conclusions.

"LME copper stocks have trebled since the beginning of the year," said Mr Stephen Briggs, of Shearson Lehman Hutton's London metals research group, "but they are still low." The market remained sufficiently well balanced for improved demand prospects to lift prices, he added.

Lead, zinc and aluminium prices also registered sizeable gains but nickel ended at the lowest level for five months, with the cash position $587.50 down at $13,512.50 a tonne.

It was "ironic" that nickel should be the weakest of the LME metals, Mr Briggs suggested, as its fundamentals were clearly the strongest — LME stocks of zinc remain uncomfortably low after falling by 30 tonnes last week to 2,598 tonnes. But it should be remembered, he added, that although the nickel price is nearly $9,000 below the record level reached in March it is still about three times higher than it was at the start of the year.

Platinum provided one of the outstanding features of the week as its price surged by $17 to $551.50 a troy ounce over the first four days. But that gain was cut in half by yesterday's $8.75 fall. Dealers were not attaching too much significance to the rise, however. They said it appeared to be the result of keen buying by one US trade house, which was enough to push the market higher in a thinly traded precious metals sector.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$431.75	-0.25	$454.75	$485.5	$425
Silver Per troy oz	397.15p	+4.8	467.4p	457.75p	338.75p
Aluminium 99.7% (cash)	$2950	+180	$1805	$4205	$1915
Copper Grade A (cash)	£1398.5	+82.5	£1063.5	£1657.5	£1129.5
Lead(cash)	£369.5	+18.5	£419.75	£402.5	£328
Nickel (cash)	$13512.5	-587.5	£3345	$22200	£4022.5
Zinc (cash)	£797	+8	£493.5	£824	£453.5
Tin (cash)	£4460	+80	£4215	£4475	£3625
Cocoa Futures (Dec)	£835	-30	£1307.5	£1182	£835
Coffee Futures (Nov)	£1020	-10	£1335.5	£1317	£922
Sugar (LDP Raw)	$271	-11	$146.8	$372	$213.6
Barley Futures (Nov)	£104.55	-0.40	£101.15	£109.85	£97.25
Wheat Futures (Nov)	£109.75	+0.05	£103.8	£115	£103.35
Cotton Outlook A Index	54.9c	-2.0	87.6c	75.3c	54.9c
Wool (64S Super)	630p	-17	527p	673p	484p
Rubber (Spot)	71.75p	-0.50	70.25p	88p	61.25p
Oil (Brent Blend)	$14.560y	-0.435	$18.3	$17.525	$13.85

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb y-Sep.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$12.94-2.99q	-0.06
Brent Blend	$14.52-4.60y	-0.115
W.T.I. (1 pm est)	$15.25-5.30q	-0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$178-181	
Gas Oil	$127-129	-2.5
Heavy Fuel Oil	$69-70	
Naphtha	$134-137	-1.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$431.75	-1.75
Silver (per troy oz)♣	666c	-8
Platinum (per troy oz)	$542.75	-8.75
Palladium (per troy oz)	$124.25	-0.50
Aluminium (free market)	$2945	+10
Copper (US Producer)	105⅝-109c	+⅜
Lead (US Producer)	38c	
Nickel (free market)	620c	
Tin (European free market)	£4460.0	+22.5
Tin (Kuala Lumpur market)	19.70r	+0.02
Tin (New York)	347.75c	+0.25
Zinc (Euro. Prod. Price)	$1275	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	113.45p	-0.53*
Sheep (dead weight)†	163.00p	-7.40*
Pigs (live weight)†	68.31p	-0.77*
London daily sugar (raw)	$271.0s	-5.4
London daily sugar (white)	$263.5s	-2.5
Tate and Lyle export price	£269.5	-4.0
Barley (English feed)	unq	
Maize (US No. 3 yellow)	£126q	
Wheat (US Dark Northern)	£122.5y	
Rubber (spot)♥	71.75p	
Rubber (Oct)♥	78.25p	
Rubber (Nov)♥	78.75p	
Rubber (KL RSS No 1 Sep)	338.5m	-0.5
Coconut oil (Philippines)§	$580s	
Palm Oil (Malaysian)§	$435y	+5
Copra (Philippines)§	$375x	
Soyabeans (US)	$201.5	+0.5
Cotton "A" index	54.9c	
Wooltops (64s Super)	630p	-17

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Sep. q-Oct. x-Aug/Sep. s-Sep/Oct. w-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	873	886	875 858
Dec	835	854	849 825
Mar	826	845	837 816
May	838	852	844 826
Jul	849	868	856 839
Sep	880	882	871 846
Dec	900	921	909 884

Turnover: 14850 (5491) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 25: 1065.99 (1087.73) ;10 day average for Aug 26: 1095.75 (1102.03) .

COFFEE £/tonne

	Close	Previous	High/Low
Sep	1010	1020	1027 1007
Nov	1020	1035	1041 1019
Jan	1023	1035	1039 1024
Mar	1014	1026	1026 1020
May	1015	1027	1020 1010
Jly	1015	1030	1025 1020

Turnover: 1667 (3127) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Aug 25:Comp. daily 111.68 (111.52): 15 day average 107.80 (107.12).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	238.40	238.40	239.60 236.60
Dec	237.60	238.60	
Mar	227.40	228.00	229.00 226.00
May	222.00	222.60	224.00 222.00
Aug	220.00	221.00	222.00

White	Close	Previous	High/Low
Oct	259.00	258.20	261.00 257.40
Dec	255.00	253.00	261.00 254.00
Mar	259.00	254.50	255.00 253.00
May	258.50	256.00	

Turnover: Raw 1695 (1296) lots of 50 tonnes. White 1863 (1418) .
Paris- White (FFr per tonne): Oct 1622, Dec 1595, *Mar 1590, May 1595, Aug 1595 Oct 1600*

GAS OIL $/tonne

	Close	Previous	High/Low
Sep	128.25	130.00	128.50 127.50
Oct	131.00	132.50	131.50 130.00
Nov	133.50	135.00	133.75 132.25
Dec	136.00	136.75	135.75 134.25
Jan	133.25	134.25	133.50 132.50
Feb	130.50	132.00	131.00 130.00

Turnover 7510 (5250) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	107.85	108.15	108.25 107.85
Nov	109.75	110.05	110.15 109.70
Jan	112.35	112.75	112.75 112.35
Mar	115.00	115.35	115.35 115.00
May	117.70	118.00	118.15 117.70
Barley	**Close**	**Previous**	**High/Low**
Sep	101.50	101.00	101.55 101.25
Nov	104.55	104.35	104.55 104.20
Jan	107.50	107.40	107.60 107.20
Mar	110.00	110.00	110.00
May	111.90	111.90	111.90

Turnover: Wheat 164 (171) , Barley 160 (59) . Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 900 tonne
Cash	2940-60	2970-3000		2940-50		
3 months	2870-90	2870-900		2870-80	2870-90	9,004 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 11,850 tonne
Cash	1715-25	1764-71		1735-45		
3 months	1599-601	1617-9	1616/1600	1616-7	1609-10	43,045 lots
Copper, Grade A (£ per tonne)						Ring turnover 37,900 tonne
Cash	1398-9	1396-8	1430/1400	1423-5		
3 months	1369-70	1370-1	1394/1360	1388-9	1389-70	63,615 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1330-40	1335-40		1360-5		
3 months	1320-30	1325-30		1345-50		31 lots
Silver (US cents/fine ounce)						Ring turnover 10,000 ozs
Cash	660-3	670-3		667-7.5		
3 months	673-5	684-7		680-2	675-80	515 lots
Lead (£ per tonne)						Ring turnover 8,400 tonne
Cash	369-70	360-2	375/373	374.5-5		
3 months	374-5	365-6	378.5/368	378.5-9	373-4	11,226 lots
Nickel ($ per tonne)						Ring turnover 913 tonne
Cash	13500-25	13700-50	13700/13500	13700-25		
3 months	13195-205	13300-40	13300/13170	13240-60	13180-220	6,008 lots
Zinc (£ per tonne)						Ring turnover 13,150 tonne
Cash	796-8	796-8	804	803-4		
3 months	792-3	793-4	804/791	799-800	793-5	22,034 lots

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	431½-432	255-255½
Opening	433½-434	258-256½
Morning fix	433.75	258.051
Afternoon fix	433.15	256.378
Day's high	434-434½	
Day's low	430¾-431¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	444-449	262-265
Britannia	444-449	262-265
US Eagle	444-449	262-265
Angel	444-449	262-265
Krugerrand	430-433	254-256
New Sov.	101½-102½	60-60¾
Old Sov.	101½-103	60-61
Noble Plat	562-568	331-335
Silver fix	**p/fine oz**	**US cts equiv**
Spot	397.15	670.50
3 months	409.10	684.90
6 months	420.90	700.50
12 months	444.20	731.70

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls Sept	Calls Nov	Puts Sept	Puts Nov
Strike price $ tonne				
2750	.	226		83
2900		145		150
3100		72		274
Aluminium (99.5%)	**Calls**		**Puts**	
2800	136		31	
2950	53		98	
3100	15		209	
Copper (Grade A)	**Calls**		**Puts**	
2250	119	161	16	100
2350	52	113	48	151
2450	17	78	113	213

US MARKETS

IN LACKLUSTRE trading, the grains and soybean complex closed lower in sessions dominated by mixed position-squaring and local activity, reports Drexel Burnham Lambert. Cattle closed higher in response to cash prices while hogs anticipated lower runs next week and bellies saw long-liquidation. The energy complex also suffered from pre-weekend sentiment, with position-squaring the only feature in quiet markets. The precious metals fell with light trade selling, but held support areas. Copper saw early profittaking selling, but rallied on fresh buying. Coffee fell sharply as speculative and technical selling pushed prices though support levels, touching off stops. Sugar eased in light volume with commission house selling, while cocoa opened lower against origin sales, but rallied back ahead of light industry buying.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	432.1	432.8	434.5	431.5
Sep	433.1	433.9	0	0
Oct	435.6	436.4	438.2	434.6
Dec	441.4	442.2	443.9	441.3
Feb	447.6	448.4	448.8	447.1
Apr	453.6	454.4	453.3	453.3
Jun	459.6	460.4	0	0
Aug	465.9	466.7	0	0
Oct	472.2	473.0	473.5	473.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	542.2	547.7	549.5	538.1
Jan	546.8	552.7	554.5	544.0
Apr	552.1	558.2	555.0	552.0
Jul	558.4	564.5	559.0	559.0
Oct	565.4	571.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	665.5	670.8	0	0
Sep	666.0	671.5	673.0	662.5
Oct	671.8	677.1	0	0
Dec	682.0	687.6	689.5	678.0
Jan	686.4	693.0	0	0
Mar	698.5	704.1	705.0	693.0
May	709.7	715.3	715.0	715.0
Jul	721.2	726.8	721.0	721.0
Sep	732.8	738.2	732.0	732.0
Dec	749.9	755.5	753.0	753.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	103.15	102.35	101.50	101.10
Sep	103.06	102.25	103.15	100.70
Oct	102.25	101.40	0	0
Dec	100.75	99.65	100.90	98.40
Jan	99.05	198.05	0	0
Mar	95.75	94.90	95.85	94.00
May	92.95	92.25	93.10	92.35
Jul	90.85	90.15	90.50	90.15
Sep	88.70	88.00	87.80	87.50
Dec	86.35	85.65	85.65	85.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	15.27	15.31	15.34	15.20
Nov	15.29	15.31	15.35	15.21
Dec	15.35	15.41	15.42	15.29
Mar	15.40	15.45	15.41	15.40
Apr	15.40	15.45	15.41	15.40
May	15.42	15.45	15.42	15.38
Jul	15.40	15.46	15.42	15.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	4250	4245	4250	4215
Oct	4310	4300	4320	4275
Dec	4475	4469	4490	4440
Jan	4510	4515	4525	4490
Feb	4475	4474	4490	4455
May	4145	4119	4145	4115
Jun	4075	4069	4075	4055

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1266	1303	1274	1250
Dec	1298	1328	1303	1286
Mar	1291	1320	1296	1277
May	1301	1328	1305	1290
Jul	1325	1351	1330	1320
Sep	1345	1375	1350	1338
Dec	1381	1413	1385	1380

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	124.51	126.60	127.25	121.00
Dec	123.74	125.77	126.80	121.00
Mar	122.28	124.16	125.50	120.00
May	122.00	124.25	123.25	119.25
Jul	122.40	125.50	123.00	119.50
Sep	119.34	122.36	124.00	119.50
Dec	119.30	121.79	121.00	120.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	10.19	10.28	10.35	10.18
Jan	9.37	8.75	9.75	8.70
Mar	9.97	9.99	10.10	9.95
May	9.67	9.71	9.80	9.66
Jul	9.55	9.58	9.70	9.55
Oct	9.39	9.52	9.55	9.47

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	52.25	50.65	52.30	50.30
Dec	50.19	49.28	50.22	49.00
Mar	50.20	49.47	50.25	49.50
May	50.25	49.67	50.50	49.80
Jul	50.75	49.90	50.75	50.00
Dec	51.70	50.85	51.70	50.75

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	192.35	190.80	194.50	190.60
Nov	182.85	181.30	183.00	181.40
Jan	173.35	171.25	173.45	171.50
Mar	170.50	168.50	170.60	169.75

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug 25	Aug 24	mnth ago	yr ago
-	1815.0	1949.2	1655.4

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.09	132.36	131.82	128.59
Futures	136.12	136.31	135.63	131.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	831/4	835/4	838/4	830/0
Nov	845/0	847/0	851/0	841/0
Jan	849/0	852/0	856/0	847/0
Mar	852/2	850/4	857/0	848/0
May	840/0	839/4	845/0	837/0
Jul	834/4	830/2	838/0	825/0
Aug	807/4	800/0	810/0	802/0
Sep	740/0	741/0	750/0	738/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	26.18	26.22	26.42	26.05
Oct	26.47	26.47	26.74	26.35
Dec	26.93	26.92	27.24	26.85
Jan	27.15	27.22	27.50	27.10
Mar	27.45	27.50	27.75	27.45
May	27.70	27.65	27.85	27.65
Jul	27.35	27.40	27.50	27.35
Aug	26.55	26.70	26.50	26.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	260.7	262.5	262.5	259.5
Oct	257.2	259.5	260.0	256.5
Dec	256.7	258.7	259.0	256.0
Jan	254.5	256.5	257.5	254.0
Mar	251.2	254.0	254.0	251.0
May	247.0	249.5	249.0	246.5
Jul	244.0	245.0	246.0	243.0
Aug	235.0	234.0	236.0	235.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	277/2	280/6	281/4	276/6
Dec	288/6	290/0	290/6	288/4
Mar	291/2	294/2	294/6	291/0
May	292/6	295/2	295/6	292/2
Jul	289/6	290/6	291/6	289/2
Sep	279/0	277/6	279/4	275/0
Dec	268/2	265/4	268/4	264/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	390/0	393/0	394/0	389/4
Dec	404/0	408/0	408/0	403/0
Mar	406/2	409/4	410/0	406/0
May	380/4	384/4	386/0	380/4
Jul	353/0	357/4	359/0	353/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.97	72.10	73.00	72.07
Dec	73.60	73.10	73.65	72.97
Feb	74.25	73.95	74.35	73.80
Apr	75.52	75.30	75.65	75.15
Jun	74.40	74.30	74.60	74.25
Aug	71.95	71.90	72.20	71.80
Sep	72.00	71.20	72.00	71.50
Oct	71.50	71.50	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	41.05	40.85	41.35	40.80
Dec	43.45	43.32	43.65	43.10
Feb	45.65	45.47	45.82	46.40
Apr	44.57	44.60	44.80	44.45
Jun	48.17	48.05	48.40	48.05
Jul	49.00	49.00	49.30	48.97
Aug	47.05	47.00	47.30	0
Oct	45.90	46.00	0	45.50

WORLD STOCK MARKETS

Wall Street

Blue chips firm as bonds rise

SLIGHTLY stronger bond prices helped firm blue chips at midsession, although they were off their previous highs. Volume was low with little activity.

The Dow Jones industrial average rose 4 points to 2,015, while advances narrowly led declines on about 56m shares.

The market showed signs of consolidation following four straight sessions of losses.

Canada

GOLD AND metals issues posted slight gains, with energy and industrial stocks flat at midday. Share prices were generally mixed in light trading.

The composite index advanced 5.51 to 3,259.41 as declines outnumbered advances by 236 to 209 on volume of 9m shares.

Most actives were Nova Corp, up C$⅛ to C$12¼, Royal Bank, unchanged at C$31¼, and Polysar Energy, up C$¾ to C$20¼.

Among metals, Alcan Aluminium advanced C$⅝ to C$37⅝, Falconbridge lost C$⅛ to C$21⅞, Inco rose C$¾ to C$38⅝ and Noranda gained C$⅛ to C$23⅛.

Tokyo

A RASH of European interest rate increases overnight and the end of trading for August settlement on Saturday dampened sentiment, and share prices closed down in thin trade.

The Nikkei index lost 305.03 points, or 1.09 per cent, to close at 27,565.41.

Communications, securities house, retail, warehouse, electrical, bank, railway/bus, rubber, non-life insurance, real estate and auto shares led the declines. The only sector to rise was pharmaceuticals.

Investors are expected to remain nervous as to whether Japan follows European countries in raising its discount rate, now at a record low 2.5 per cent.

Frankfurt

SHARES RECOVERED from sharp falls after the previous day's announcement of a rise in the interest rate and the real-time DAX index closed only five points, or 0.4 per cent, lower at 1,157.65.

In banks, Deutsche fell DM2.70 to DM455.30 and Dresdner slipped 40 pfennigs to DM256.20.

Car manufacturer BMW tumbled DM8 to DM477 and Daimler lost DM2 at DM650.

In the electrical sector, Siemens fell DM3 to DM422.50 and, in chemicals, BASF lost DM2.40 to DM258.60.

Paris

ENCOURAGED BY Wall Street's stronger opening, share prices ended off the day's lows in quiet trade.

The 50-share price indicator closed down 0.46 per cent after touching a low of 0.90 per cent.

Privatised companies held up as investors continued to buy on the likelihood that the government would reshuffle hard-core shareholding groups.

CCF rose FFr4 to FFr135, Suez gained FFr0.50 to FFr265.50 and Société Générale rose FFr0.40 to FFr395.40.

Industrial blue chips were broadly lower, with car manufacturer Peugeot off FFr30 at FFr1,130, tyre group Michelin down FFr2.50 at FFr191 and cement maker Lafarge Coppee FFr4 lower at FFr1,312.

Zurich

THE MARKET recovered quickly from a slightly weak opening, and share prices closed firm in lively trading. The Swiss Index added 0.2 points to 894.4.

Takeover rumours in the insurance and breweries sectors lifted prices.

Brussels

DESPITE HIGH volume in Tractebel, the energy and engineering holding company, which rose BFr50 to BFr7,950, shares ended lower in mostly quiet trade.

Tractebel had risen steadily since the beginning of the month amid speculation that a major shareholder, possibly *Groupe Bruxelles Lambert* or Société Générale de Belgique, might be increasing its stake.

Madrid

THE WEEK'S downward trend continued, and share prices closed lower across the board in indifferent trade. The general index was down 1.59 points at 287.77.

Hong Kong

PERFORMANCE was affected by falls in other regional markets including Bangkok, Singapore and Taipei, but bargain-hunting helped stocks finish above their lows.

The Hang Seng index closed down 56.03 points, or 2.2 per cent, at 2,464.83 after being down more than 70 points at one stage.

After the close, Swire Pacific reported a 24 per cent interim profit growth to HK$1.36bn from HK$1.10bn a year ago.

Swire's affiliate Cathay Pacific headed the most actives, easing 15 cents to HK$8.10.

Elsewhere, Jardine Matheson fell 50 cents to HK$12.50, Hutchison Whampoa lost 40 cents to HK$7.95 and Cheung Kong slipped 10 cents to HK$7.05.

Australia

THE MARKET continued to be dragged down by higher-than-expected current account deficit figures, and stocks closed sharply lower.

The All Ordinaries index dropped 40.4 points to close below the critical 1,600 level at 1,595.8, just off the day's low of 1594.4.

In the industrial sector, market leader BHP fell 22 cents to A$8.12, *News Corp lost 15 cents* to A$10.55 and Bond Corp dropped 13 cents to A$2.05.

Singapore

PRICES FELL from the start of trading and closed sharply lower across the board, wiping out Thursday's gains.

The Straits Times industrial index plunged 26.08 points, or 2.4 per cent, to 1,044.77 from Thursday's close of 1,070.85.

North American closing prices were not available for reports in this edition

AUSTRIA

August 26	Sch	+ or –
Creditanstalt	2,000	—
Goesser	2,850	....
Interunfall	11,630	–20
Jungbunzlauer	7,590	–50
Laenderbank	382	—
Perlmooser	670	+5
Steyr-Daimler	92	+1
Veitscher Mag	615	—

NEW YORK (3 pm)

CANADA (3 pm)

INDICES

NEW YORK ACTIVE STOCKS

CURRENCIES AND MONEY

FOREIGN EXCHANGES

D-Mark returns to favour

THE D-MARK returned to favour yesterday, gaining ground against the dollar and the Japanese yen, following forceful action by the Bundesbank on Thursday, when the discount rate was increased and the German central bank led a round of co-ordinated intervention against the dollar.

In calmer trading there was no sign of further open market intervention, except by the Bank of England in support of a weak pound.

At the Frankfurt fixing the Bundesbank sold $8.8m, as the dollar fell to DM1.8656, from DM1.8764 on Thursday.

The scale of recent intervention by the Bundesbank, to support the D-Mark, was illustrated by a fall of DM900m in net West German currency reserves during the week to August 23.

At yesterday's London close, the dollar had fallen to DM1.8585 from DM1.8630; to SFr1.5685 from SFr1.5710; and to FFr6.3075 from FFr6.3275. On the other hand the dollar rose to Y133.70 from Y133.30. On Bank of England figures the dollar's index was unchanged at 99.2.

Sterling gave further cause for concern, after the alarming July UK trade figures. London's financial markets were very nervous, and interest rates continued to rise, as dealers feared yet another increase in base rates, unless there is an early improvement in the UK economic situation.

The pound fell below technical resistance at DM3.1450, to close at DM3.1400, compared with DM3.1650 on Thursday. Sterling also lost 95 points to $1.6900, and fell to SFr2.6500 from SFr2.6700; to FFr10.6600 from FFr10.7550; and to Y226.00 from Y226.50.

The pound's exchange rate index fell 0.3 to 75.6.

£ IN NEW YORK

Aug.26	Latest	Previous Close
£ Spot	1.6975-1.6985	1.6970-1.6980
1 month	0.52-0.51pm	0.47-0.46pm
3 months	1.41-1.39pm	1.28-1.26pm
12 months	4.10-4.05pm	3.68-3.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

Aug.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6830-1.6970	1.6895-1.6905	0.54-0.51cpm	3.73	1.40-1.35pm	3.25
Canada	2.0850-2.1070	2.1005-2.1015	0.45-0.36cpm	2.31	0.98-0.86cpm	1.75
Netherlands	3.54-3.56¼	3.54-3.55	2-1⅛cpm	6.35	5½-5¼pm	6.06
Belgium	65.80-66.30	65.80-65.90	34-19cpm	4.83	82-63pm	4.40
Denmark	12.04-12.13¼	12.04-12.05	4¼-3¼orepm	3.67	11¼-10om	3.51
Ireland	1.1670-1.1790	1.1750-1.1760	0.48-0.43pm	4.64	1.30-1.15pm	4.17
W. Germany	3.13½-3.15¼	3.13¾-3.14¼	1⅞-1⅝pfpm	6.69	5¼-4⅞pm	6.37
Portugal	257.10-259.70	258.00-259.00	1-42cdis	-1.00	40-135dis	-1.35
Spain	207.10-208.15	207.45-207.75	35-15cpm	1.45	78-56pm	1.29

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

Aug.26	£	$
Korea(Sth)	1220.20-1230.00	718.80-724.60
Kuwait	0.47980-0.48060	0.28450-0.28480
Luxembourg	65.80-65.90	38.90-40.00
Malaysia	4.4695-4.4805	2.6555-2.6575
Mexico	3845.75-3866.60	2281.00-2292.00
N. Zealand	2.6800-2.6850	1.5905-1.5930
Saudi Ar.	6.3240-6.3280	3.7495-3.7505
Singapore	3.4230-3.4285	2.0325-2.0345
S. Af (Cm)	4.0660-4.0770	2.4155-2.4170
S. Af (Fn)	5.8090-5.9110	3.4485-3.5090
Taiwan	48.75-49.00	28.65-28.75
U.A.E.	6.1935-6.1990	3.6725-3.6735

*Selling rate

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Aug.26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.690	3.140	226.0	10.66	2.650	3.545	2334	2.101	65.85
$	0.592	1	1.858	133.7	6.308	1.568	2.098	1381	1.243	38.96
DM	0.318	0.538	1	71.97	3.395	0.844	1.129	743.3	0.669	20.97
YEN	4.425	7.478	13.89	1000.	47.17	11.73	15.69	10327	9.296	291.4
F Fr.	0.938	1.585	2.946	212.0	10.	2.486	3.326	2189	1.971	61.77
S Fr.	0.377	0.638	1.185	85.28	4.023	1.	1.338	880.8	0.793	24.85
H Fl.	0.282	0.477	0.886	63.75	3.007	0.748	1	658.4	0.593	18.58
Lira	0.428	0.724	1.345	96.83	4.567	1.135	1.519	1000.	0.900	28.21
C $	0.476	0.804	1.495	107.6	5.074	1.261	1.687	1111	1	31.34
B Fr.	1.519	2.566	4.768	343.2	16.19	4.024	5.383	3544	3.191	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates continue to rise

INTEREST RATES remained firm in London. Three-month interbank rose to 12¼-12⅛ p.c. from 11$\frac{15}{16}$-11$\frac{13}{16}$ p.c., as the July UK trade deficit continued to worry the market.

The Bank of England forecast a money market shortage of £100m, but revised this to £200m in the afternoon. Total assistance of £257m was provided.

Before lunch the authorities bought £118m bank bills in band 4 at 11$\frac{13}{16}$ p.c.

In the afternoon the Bank of England bought another £89m bills, by way of £41m bank bills in band 1 at 11⅞ p.c. and £48m bank bills in band 4 at 11$\frac{13}{16}$ p.c. Late assistance of around £50m was also provided.

UK clearing bank base lending rate 12 per cent from August 25 & 26

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £175m, with a rise in the note circulation *absorbing* £385m, and bank balances below target £165m. These outweighed Exchequer transactions adding £610m to liquidity.

The latest rise in UK bank base rates was reflected at the weekly Treasury bill tender, when the average rate of discount rose to 11.4865 p.c. from 10.7308 p.c. The minimum accepted bid was £97.120, and bids at that level were met as to about 23 p.c.

The £100m bills on offer attracted bids of £615m. All bills offered were allotted. Next week another £100m bills will be on offer, replacing a similar amount of maturities.

In Brussels the Belgian National Bank increased its discount rate by ¼ p.c. to 7⅛ p.c. It was also announced that Treasury certificate rates were raised for the second time in three days. The key three-month rate was increased 0.15 p.c. to 7.50 p.c. One and two-month rates were raised by the same amount, to 7.15 p.c. and 7.30 p.c. respectively.

In Frankfurt call money eased to 4.55 p.c. from 4.75 p.c., and period rates were little changed, as the money market shrugged off the rise of ½ p.c. in the West German discount rate.

Dealers were disappointed that the Bundesbank had not increased rediscount quotas with the discount rate rise. This is the amount banks can borrow from the discount facility. There was also general scepticism about comments from Mr Karl Otto Poehl, Bundesbank President, hinting that no further interest rate rises were planned.

In Tokyo the general mood suggested that a rise in the Bank of Japan's discount rate has been made less likely by the increase in European rates.

The reason for this is that the rise in European rates has weakened the dollar, and it was the strength of the dollar that was causing speculation about higher Japanese rates.

On the domestic front there is no reason for a rise in interest rates, since the Japanese economy is growing acceptably without provoking inflation.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.26) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid 9	offer 9⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.15	Three year	8.92
Broker loan rate	9½-¼	Two month	7.14	Four year	9.00
Fed. funds	8¼-¼	Three month	7.55	Five year	9.09
Fed. funds at intervention	-	Six month	7.88	Seven year	9.24
		One year	8.29	10-year	9.38
		Two year	8.78	30-year	9.43

Aug.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.50-4.60	5.00-5.15	5.15-5.25	5.25-5.40	5.55-5.70	5.00
Paris	7¼-7⅜	7¼-7⅜	7¾-8	8-8¼	8⅛-8¼	6.75
Zurich	1⅝-1⅞	3-3¼	-	3½-3¾	-	-
Amsterdam	5-5¼	5¼-5½	-	5⅜-5½	-	-

LONDON MONEY RATES

LONDON STOCK EXCHANGE

Weaker Gilts lead equities lower

THE Gilt-edged market, having held up well against the tide of bad economic news, culminating in the worst ever single month UK trade figures and another base rate rise, staged a major retreat yesterday.

In relatively thin trading as the City wound down for the Auugust bank holiday, a poor showing by sterling against the dollar and the D-mark led to a substantial decline in Government issues. Shorts ended with falls ranging to ⅝ and the longs with losses stretching to over a point.

Dealers in the gilt-edged market said it had been sustained over the past few days by bear closing of short positions built up in the run up to this week's batch of poor economic news. But the appearance yesterday of a large selling order, apparently from overseas, undermined sentiment in the bond market.

Account Dealing Dates		
*First Dealings: Aug 15	Sep 5	Sep 19
Option Declarations: Sep 1	Sep 15	Sep 29
Last Dealings: Sep 2	Sep 16	Sep 30
Account Day: Sep 12	Sep 26	Oct 10

*New time dealings may take place from 9.00 am two business days earlier

There was also evidence that the bearish trend could have been futures led. Sustained institutional support apparently did little more than arrest the early slide in the market.

Despite reassuring remarks from many leading investment houses on the current state of the markets in gilts and equities, there was an undercurrent in the bond market that sterling could well come under sustained short-term pressure.

Little downside pressure emerged in equity markets at the outset, and the FT-SE index opened on a steadier note with a near-3 point rise. However, blue chips subsequently went into a reverse amid a flurry of selling caused partly by the decline in gilts.

Talk of a minor sell programme by one of the second rank agency brokers caused a further tremor in markets in mid-morning. Sentiment improved for the rest of the session, helped by the performance of Wall Street and the FT-SE index, which registered a 20.5 decline just before midday, staged a good rally to end the day a net 9.5 lower at 1770.7.

Over a week which brought progressively deteriorating economic news, the FT-SE lost 73.6 points, or some 4 per cent. Turnover, which on Monday was reduced to a year's low of 231.5m shares, improved throughout the five-day period and yesterday came out at 415.6m shares at 5 pm. The figure included customer and marketmaking deals.

Commenting on equities post the July trade numbers, Warburg Securities said, "Although the market is likely to be nervous for several months and FT-SE trade in a 1,750 to 1,800 band, we would now start to buy. The market is fundamentally cheap, and we consider it is discounting most of the likely bad news.

County NatWest commented: "Our overall view is that the equity market continues to offer good value on a one year view.

Jaguar fails to reassure

THE MESSAGE was crystal clear yesterday: luxury car manufacturer Jaguar is in a very unhappy situation, facing difficult trading conditions which are likely to continue for at least a year. Interim profits of only £22.5m signalled the group's dilemma, the figure being well below the market range of £29m to £34m, against last year's £45.7m. The market gulped and the shares, weak recently, dropped still lower to close 12 down at 252p. Turnover was 3.6m, mirrored by substantial activity in the traded options market.

Analysts listened to the chairman's comments at the ensuing meeting, but were not reassured. They all reduced their forecasts for the full-year, with Kleinwort Grieveson's Gavin Launder and several others cutting viciously to £40m. Rob Golding of Warburg Securities went to a similar level, saying:"I feel sad for the group. It has worked hard to get to its position and has now fallen victim to circumstance. The outlook is not good".

Jaguar has already admitted that 1989 could be a problem year. The prospect of rising domestic costs and static sales volume, particularly in the US, is worrying for future profitability, said a sector researcher. However, any marked deterioration in the price of the shares during the run-up to December 1990, when the UK Government's Golden Share expires, could possibly attract the attention of a predator.

FINANCIAL TIMES STOCK INDICES

	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	86.83	87.34	87.60	87.64	87.82	85.05	91.43 (18/4)	86.83 (26/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.86	97.03	97.33	97.18	97.55	92.58	98.67 (25/5)	94.14 (8/1)	106.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.4	1432.6	1467.5	1466.1	1477.2	1759.8	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	200.1	199.1	197.5	194.6	194.8	431.5	312.5 (7/1)	187.8 (18/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Year Ago
Ord. Dl. Yield	4.78	4.75	4.65	4.66	4.62	3.28
Earning Yld %(full)	12.05	11.98	11.73	11.75	11.66	8.06
P/E Ratio(Net)(☆)	10.10	10.16	10.38	10.36	10.44	15.24
SEAQ Bargains(5pm)	24,327	25,992	19,209	20,554	20,977	28,350
Equity Turnover(£m)†	-	1038.63	839.71	746.65	626.77	754.42
Equity Bargains†	-	23,183	20,466	21,557	21,775	31,421
Shares Traded (ml)†	-	381.3	381.5	285.4	284.6	333.4

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1434.8	1427.9	1425.5	1416.6	1417.8	1419.1	1422.1	1424.8

DAY'S HIGH 1434.9 DAY'S LOW 1415.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 10.02 † Excluding intra-market business

S.E. ACTIVITY

Indices	Aug 25	Aug 24
Gilt Edged Bargains	102.6	92.6
Equity Bargains	150.2	132.6
Equity Value	2099.7	1697.3
5-Day average		
Gilt Edged Bargains	99.3	98.7
Equity Bargains	141.2	138.6
Equity Value	1658.1	1554.2

● London Report and latest Share Index: Tel. 0898 123001

Bets on for AGB

AGB Research jumped 20 to 210p on opening as news of Mr Robert Maxwell's 14.9 per cent stake was formally confirmed. Dealers reported rather anti-climatic trading, with small investors doing most of the buying on bid hopes. AGB shares closed at 206p, up 16 on the day.

Most of the day's interest centred on whether the investment trust group Touche Remnant had disposed of its 11.2 per cent stake in AGB, with analysts speculating that an intact holding would represent virtually a controlling interest. Dealers believed TR had sold around half its stake on Thursday and that the rest of the Maxwell stake had been purchased in the market. Very late yesterday here was official confirmation from TR that it had reduced its holding to 5.5 per cent.

AGB's extraordinary general meeting scheduled for next Wednesday was postponed and there was speculation that WPP may yet enter the frame with a bid. Citicorp Scrimgeour Vickers' analyst Mr Chris Akers said, "I can't see the logic. WPP will want to keep its aces up its sleeve for a while."

WPP's own figures are due on September 1, with most analysts forecasting around £14m-£15m. Its shares suffered yesterday, falling 15 to 599p as dealers commented that a short position had been filled.

Lowndes retreat

Shares in Lowndes, the vehicle put together by Mr James Gulliver to buy out Harris Queensway, proved more vulnerable then most in a decidedly unhappy Stores sector, closing 9 off at 82p, after having touched 79p. The reaction was triggered partly by a downgraded profits forecast from UBS Phillips & Drew (P&D), the securities house.

P&D's analysts say that since the buy-out deal interest rates have spiralled to 12 per cent. At present net debt of Lowndes is £260m financed at 1.5 per cent over LIBOR (London Interbank Offered Rate). As a result, they have reduced their January 1990 forecast by £5m to £25m. This reflects the direct impact of increased interest rates and the knock on effect of lower consumer spending. On this basis, they say, Lowndes shares look overvalued.

BAT Industries reaped the harvest of the US Farmers Group deal, brushing aside the vagaries of the general market to close higher. Kitcat & Aitken led with a review, the first of many to reach fund managers, on the group. Its researcher, Martin Hawkins, believes that "on a prospective earnings multiple of 6.6 and yield of 7 per cent for 1989, after a full year of Farmers Group, the shares are overdue a re-rating and should be bought". The shares traded heavily again, ending 3 up at 437p after volume of 4.0m.

International stocks tried hard to hold their levels and generally succeeded. ICI shaded a penny to 992p in turnover of 1.1m, while Glaxo fell 6 to 940p as 2.4m shares were traded. BZW is due to hold a major institutional presentation at the Savoy hotel on ICI chemicals and polymers on August 31.

Fisons slipped just 1 to 233p. Beecham managed a small rise of 1½ to 468p ahead of a heart drug conference next week which is expected to feature its product Eminase. Reed International fell 9 to 412p on lack of support.

Building issues suffered another setback, sentiment still being distinctly disturbed by the propect of an increase in mortgage rates. Once again, the Housebuilders came under pressure, although selling was said to have been relatively small. Tarmac fell afresh to 222p before closing a little above the worst at 226p, down 6½. Elsewhere, Blue Circle gave up 12 more at 428p.

Fears of a reduction in consumer spending continued to cast a cloud over the High Street retailers and, with with few marketmakers willing to hold stock over the long holiday week-end, nervous selling was quickly reflected in lower prices. Dixons were a particularly depressed market, closing 10 lower at 158p. Marks and Spencers, down 3½ at 157½, were one of the more actively traded stocks (some 6m shares changed hands) with dealers reporting a good two-way trade at the lower levels.

Elsewhere, Sears recorded another heavy tunrover (11m). Further activity was also seen in the Traded Options market where 2,448 calls were reported. However, after the previous day's bout of heavy speculative activity, the lack of developments on the much rumoured British Shoe buy-out saw the shares settle 4 cheaper at 140½p.

Leading brewers finally found support, holding up well as the market threatened to move lower. Allied Lyons fell 7½ to 395½p in turnover of 2m shares amid a surfeit of stock. Scottish & Newcastle were 8½ worse at 338½p, with dealers commenting that they expect renewed buying at this level. Second-line brewers were not as steady, most recording hefty losses as bid speculation lost its fizz.

Electrical stocks were mixed. GEC put in a strong performance, ending unchanged as 4.8m shares changed hands. The stock benefited from a BZW switch out of STC which fell 8½ to 258½p. Racal gained a penny to 307p as 2.2m shares were traded.

Another session of declining prices left Motor issues again showing double-figure losses. Jaguar apart, Western Motor fell 19 to 578p and FR Group 10 to 211p, while T Cowie dipped 8 to 108p and Harwell 6 further to 115p.

Worries about the impact of higher interest rates continued to weigh heavily on sentiment in the Property sector but, after an early fresh setback, most prices staged a modest rally. British Land ended 4 lower at 314p, while Land Securities settled a similar amount off at 536p, having touched 533p.

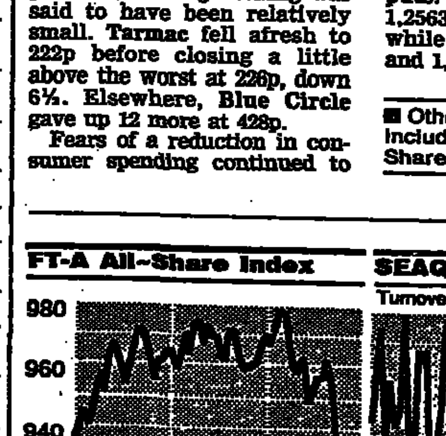
TR Industrial & General, which on Wednesday received a bid of 129½p a share from British Coal Pension Funds, recorded little change on the day at 126p but over the week were 10½ higher. Miscellaneous financial trusts, however, went lower with London Forfaiting losing 8 to 1598p and UTC 10 to 188p.

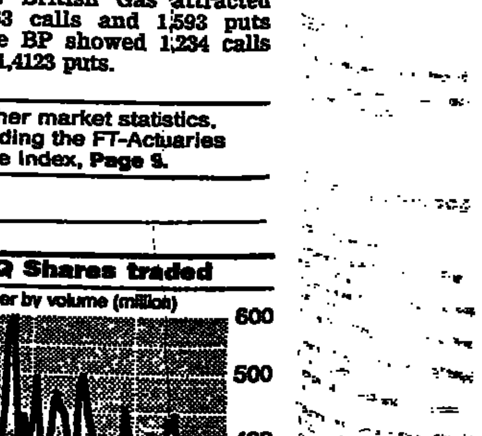
Oils gave fresh ground before recovering late to close with minor changes either way on balance. British Gas were finally a touch harder and British Petroleum issues a shade lower.

Action in the Traded Options market was concentrated in the FT-SE 100 index where there were 3,350 calls and 6,413 puts. British Gas attracted 1,2563 calls and 1,593 puts while BP showed 1,234 calls and 1,4123 puts.

■ Other market statistics, including the FT-Actuaries Share Index, Page 9.

LONDON TRADED OPTIONS





NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (8).

AMERICANS (2) Corp. Data, Inelco. BREWERS (1) Irish Distillers, ELECTRICALS (1) Ericsson (L.M.), FOODS (2) American Dist., Nurdin P'k. INDUSTRIALS (1) Dolphin Pack., TRUSTS (1) Multitrust.

NEW LOWS (173).

BRITISH FUNDS (61) COMMONWEALTH & AFRICAN LOANS (1) LOANS (5) FOREIGN BONDS (1) AMERICANS (1) Data Gen., CANADIANS (1) Sonora Gold, BANKS (3) Gerrard & Nat., Warburg (S.G.), Prov. Financial, BUILDINGS (9) BMSS, Bryant Grp., Bucknall Austin, Church (Charles), McAlpine (Alfred), McCarthy & Stone, Newman-Tonks, Redland Cap. 7¼pc, Ward Hldgs., STORES (14) ELECTRICALS (8) Arlen, Druck, F & H Group, Farnell Elect., Microgen, Microsystems, Peek, Quested, Rodime. ENGINEERING (2) Hobson, VSEL Cons., FOODS (2) Bejam, Tesco 9pc Ln., INDUSTRIALS (18) Astra AB, Aukett Assoc., Dobson Park, Dyson (J. & J.), Eagle Tel., Eastern Prod., J.S. Pathology, Mosaic Inv., Norcros, Pilkington Wrns., Rockware, SI Grp., Sothebys Hldgs., Spong, Wagails. INSURANCE (1) NZI Corpn., LEISURE (2) Scott TV, Select TV, MOTORS (4) Marsh Group, FR Grp., Kwik-Fit, Spice, NEWSPAPERS (2) News Int. Spec. Div., PAPERS (7) Boase Massimi, City of London Prop., Fairway (London), Holmes Marchant, Prospective, Serif Cowells, Smith (David S.). PROPERTY (11) Connells Est. Agts., Dunloe House, Hambro Countrywide, Herring Son & Daw., Jermyn Inv., Mountleigh, Palmerston, Slough Ests. 8pc Cv Bd, Trust of Prop., Union Square, Wood (J.D.). TEXTILES (1) Haggas, TRUSTS (14) OILS (3) Burmah 8½pc Ln '91-96, Nth., Sea Gen., Sandpiper Oil, MINES (4) Jason Mining, Anglo-Dominion, McFinley Red Lake, Nor-Quest Res.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included3

Greater London Council6¾% Stk 90/92 – £88 9

Reading Corp3% Stk 1962(or after) – £15 (19Au88)

Sunderland Corp(River Wear Commrs)3% Funded Debt Anns – £24

UK Public Boards

[illegible]

Commonwealth-Government

[illegible]

Foreign Stocks, Bonds, etc-(coupons payable in London)

[illegible]

Corporation Stocks - Foreign

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Spain(Kingdom of)11¾% Ln Stk 2010(Reg) – £109¾ (24Au88)

Banks and Discount Companies

No. of bargains included1155

Ansbacher(Henry)Hldgs PLC9% Cnv Subord Ln Stk 1995 – £100 (24Au88)

[illegible]

Breweries and Distilleries

[illegible]

Registered Housing Associations

[illegible]

Commercial, Industrial, etc.

[illegible]

Financial Trusts, Land, etc

[illegible]

Unit Trusts

[illegible]

Insurance

[illegible]

Investment Trusts

[illegible]

Mines - Miscellaneous

[illegible]

Mines - South African

[illegible]

Oil

[illegible]

Property

[illegible]

Plantations

[illegible]

Railways

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water Works

[illegible]

USM Appendix

[illegible]

The Third Market Appendix

[illegible]

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Acorn Securities 16½, 17, 18
Albertson's Inc $33¾♦ (24/8)
Amatil A$8.474 (19/8)
America Barrick Resources Corp Com NPV £10.7, $17¾
Ampol Exploration 123♦A$2.594 (24/8)
Amsterdam Rotterdam Bank FL71¼, 1.35, 1.4, 1½, 3¾
Asahi Glass Co Y1860 (24/8)
Associated Manganese Mines of SA £30⅞, R219, 220 (24/8)
Aust. Foundation Inv 68
Aust. Oil & Gas 33 (23/8)
Bass Strait Oil & Gas 5 (24/8)
Beach Petroleum A$0.269
Beverly Enterprises $6♦ 340 (24/8)
Bounty Invs A$2.338 (22/8)
Central Norseman Gold A$1.016 (19/8)
Central Victorian Gold Mines A$0.128 (22/8)
Cerebos Pacific S$6.0 (19/8)
City Developments S$3.227, 3.29 (19/8)
Conex Aust 1½ (23/8)
Development Bank of Singapore S$1.245 (24/8)
Du Pont $79.79
Equity Silver Mines C$5.43♦ (23/8)
Eurocan Ventures C$0.53 (24/8)
Free State Cons Gold Mines $8, R27¼
Great Eastern Mines A$0.06, 0.07 (22/8)
Groupe Bruxelles Lambert BF 3,200 (23/8)
Han Lung Development 34, 35½
Haoma North West 3♦
Hexel Corp $34⅝♦ (22/8)
Hooker Corp 107½
Japan Air Lines Co Y14365¼, 14385⅞ (24/8)
Jimberlana Minerals 7♦ (19/8)
Kern Corp 112♦A$2.304 (22/8)
Killinghall Tin (Malaysia) Berhad Ord (Lon reg) 46♦ (24/8)
Kollmorgen Corp $14¾♦ (22/8)
Kuala Sidim Rubber M$2.395 (24/8)
Kulim Malaysia Ord 30
Malayan Credit S$1.63 (19/8)
Matsushita Electric Industrial Y2785♦ Y2722, 2724
National Bolts 275, R17½ (24/8)
National Electronics (Consolidated) 8 (24/8)
Nationale-Nederlanden CVA FL61.6♦61½, .6, .85, 62, .2, .4, ½
Oil Search 44, A$0.979
Overseas Chinese Banking Corp 208, 210, 216, 220
Palabora Mining R37½ (23/8)
Petro Energy A$0.181 (23/8)
Philips Kommunikations Industries DM598.2 (19/8)
Pioneer Electronic Corp Y3635, 3710
Poseidon 103♦ 95
Pretoria Portland Cement 225 (29/8)
Regent Mining A$0.119
Selangor Coconuts 30♦
Service Corp Int $18.74
Sky Line Explortn 725♦ (19/8)
Societe Nationale Elf Aquitaine C30½♦FR317, ½, .9, 20, 2, 3, 5, 7
Source Perrier FR920, 925, 940 (19/8)
Sun Hung Kai Co HK$9¾, 9.95, 10 (24/8)
Sun Hung Kai Properties HK$10.1
Target Petroleum 4 (22/8)
Valiant Consolidated 5♦A$0.119 (23/8)
Vereeniging Refractories 205 (22/8)
Vulcan Minerals A$0.648 (24/8)
Walhalla Mining Co A$1.575 (24/8)
Westralian Sands A$2.791 (22/8)
Wharf Hldgs HK$7.7, 7¾, 7.9 (23/8)
Zanex ½♦

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Ackrill Carr 15¼ (22/8)
Alliance Trust 4pc "A" Units 38½, 9½ (19/8)
Anglo American Agriculture 7½pc Uns. Ln. 1999 £112, 3 (19/8)
Aurora 6½pc Pf. 88 (19/8)
Channel Island Communications 425 (24/8)
Conister Trust 160 (22/8)
David & Charles Publishers 25 (22/8)
Douglas Gas Light 310 (24/8)
Falmouth Hotel £30 (23/8)
General Portfolio 405 (19/8)
Greenstar Hotels 67, 8, 73
Jacques Mathiot Wines 40 (23/8)
Le Riches Stores 405
Manchester Utd FC 600, 50
New Scotland Insurance 460 (24/8)
New Scotland Insurance 8pc Uns. Ln. (50p Pd.) 50 (24/8)
Owl Creek Investments 9, 10
Severn Valley Railway 50 (23/8)
Sth Quay Invs 160 (23/8)
Southern Newspapers 380 (23/8)
Star Offshore Services 15, 6
Tadpole Technology 105
Thwaites 229½, 30 (24/8)

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30	FTSE 100	WALL STREET
Aug. 1423/1432 -4	Aug. 1767/1777 -7	Sep. 2012/2024 +9
Sep. 1421/1430 -5	Sep. 1765/1775 -8	Dec. 2028/2040 +7

Prices taken at 5pm and change is from previous close at 9pm

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday August 25 1988

Overseas Traders	+20.55	500 Share Index	+ 6.12
Property	+20.21	Insurance(Life)	+ 6.09
Leisure	+19.62	Building Materials	+ 6.06
Food Manufacturing	+16.01	Insurance(Composite)	+ 5.76
Mining Finance	+15.99	Motors	+ 5.60
Investment Trusts	+15.72	Other Groups	+ 5.55
Contracting, Construction	+15.58	Health & Household Products	+ 5.45
Mechanical Engineering	+14.50	Other Industrial Materials	+ 5.20
Electronics	+14.49	Consumer Group	+ 5.10
Shipping & Transport	+12.40	Packaging & Paper	+ 3.94
Brewers and Distillers	+11.15	Oil & Gas	+ 3.56
Metals & Metal Forming	+10.61	Publishing & Printing	+ 3.23
Capital Goods	+10.24	Agencies	+ 2.66
Insurance(Brokers)	+ 9.96	Merchant Banks	+ 1.18
Conglomerates	+ 8.88	Banks	+ 0.45
Telephone Networks	+ 6.96	Chemicals	- 1.09
All Share Index	+ 6.74	Textiles	- 2.03
Industrial Group	+ 6.54	Stores	- 5.26
Financial Group	+ 6.37	Food Retailing	- 5.92
Electricals	+ 6.22	Gold Mines Index	- 34.10

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	2	108	3	22	506	37
Corps. Dom. & Foreign Bonds	0	20	32	5	95	180
Industrials	138	960	501	1,040	3,540	3,401
Financial and Props	48	341	271	395	1,335	1,550
Oils	9	57	41	75	222	239
Plantations	1	2	10	3	10	52
Mines	26	89	78	183	241	545
Others	33	147	89	318	447	590
Totals	257	1,724	1,025	2,041	6,396	6,574

BANK RETURN

BANKING DEPARTMENT	Wednesday August 24, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	86,694,830	- 6,747,640
Bankers Deposits	1,085,674,313	- 98,329,849
Reserve and other Accounts	2,441,110,532	+ 213,704,889
	3,628,032,675	+ 108,627,400
ASSETS		
Government Securities	604,543,226	- 105,010,000
Advance and other Accounts	652,642,574	+ 13,519,306
Premises Equipment & other Secs	2,365,460,143	+ 205,138,723
Notes	5,127,643	- 5,044,002
Coin	259,089	+ 23,373
	3,628,032,675	+ 108,627,400
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,434,872,357	+ 155,044,002
Notes in Banking Department	5,127,643	- 5,044,002
	14,440,000,000	+ 150,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,869,843,626	- 39,748,288
Other Securities	5,559,141,274	+ 189,748,288
	14,440,000,000	+ 150,000,000

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	319.1	323.7	342.5	-6.0	3.05
Equity Acc	5	409.5	415.5	439.7	-10.1	3.05
Fixed Int Dist	5	115.5	117.5	121.8	-0.6	9.17
Fixed Int Acc	5	204.8	208.4	216.0	-0.9	9.17
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants SP10 1RE 0264 63434						
TSB American	5	96.11	96.11	102.12	-1.9	2.23
Do Accum	5	103.15	103.15	109.60	-1.62	2.23
TSB Brit Growth	5	53.34	53.34	56.74	-1.35	3.17
Do Accum	5	55.06	55.06	58.57	-1.40	3.17
TSB European	5	48.48	48.48	51.57	-0.16	1.20
Do Accum	5	49.81	49.81	52.99	-0.16	1.20
TSB Extra Income	5	143.83	143.83	153.01	-2.42	5.88
Do Accum	5	185.66	185.66	197.51	-3.11	5.88
TSB Smaller Cos	5	53.45	55.03	58.54	-1.79	1.17
Do Accum	5	54.40	56.01	59.58	-1.37	1.17
TSB General	5	171.66	172.21	183.21	-3.16	3.43
Do Accum	5	297.13	298.09	317.12	-6.32	3.43
TSB Gilt & Fxd Int	3½	46.96	46.96	49.96	-0.27	9.07
Do Accum	3½	70.90	70.90	73.92	-0.31	9.07
TSB Income	5	256.61	257.21	273.63	-4.87	4.81
Do Accum	5	427.25	429.93	457.37	-8.13	4.81
TSB Pacific	5	203.35	204.39	217.44	-5.27	0.32
Do Accum	5	211.42	212.51	226.07	-5.48	0.32
TSB International	5	315.81	316.74	336.96	-3.74	1.04
Do Accum	5	397.26	398.43	423.86	-7.22	1.04
TSB Nat Resources	5	61.61	61.61	65.54	-1.50	1.39
Do Accum	5	64.76	64.76	68.89	-1.60	1.39
TSB Spcl Opps	5	79.27	80.28	85.40	-1.28	2.34
Do Accum	5	89.35	90.46	96.26	-1.44	2.34
3i Unit Trust Managers Ltd (1000)F						
31 Homer Rd, Solihull, B91 3QA 01-928 3356						
Small Co's	5	50.66	50.66	53.47	-0.82	–
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000 Dealing: 01-379 0860						
American Eagle	5	61.07	61.07	65.36	+0.08	0.91
Australia	5	7.995	8.000	8.550	-0.28	0.10
Commodity	5	77.36	77.36	83.66	-1.11	0.59
Convertible	5	142.5	142.5xd	154.0	-0.7	4.97
Equity	5	146.0	146.0	157.3	-1.7	3.32
Euro Spec Sits	5	76.93	76.93	82.81	+0.10	1.64
Financial	5	30.24	30.24	32.68	-0.36	2.08
Global Opps Inc	5	55.57	55.57	59.97	-0.53	0.62
Global Opps Acc	5	55.57	55.57	59.97	-0.53	0.62
Gold Income	5	52.91	52.91	56.71	-0.94	0.00
Gold Acc	5	97.46	97.46	104.5	-1.7	0.00
Income	5	103.7	103.7	111.8	-1.0	4.54
Japan	5	118.9	118.9xd	127.9	-1.5	0.00
Pacific Inc	5	111.2	111.2xd	120.1	-2.0	0.06
Pacific Acc	5	138.0	138.0	149.0	-3.5	0.06
Preference Share	5	24.29	24.29xd	26.27	-0.13	7.67
Special Sits	5	95.82	95.82xd	103.4	-2.0	1.51
Technology	5	36.66	36.66	39.35	+0.15	0.60
UK Capital	5	87.58	87.58xd	94.66	-1.38	1.65
World Income	5	50.89	50.89xd	54.54	-0.02	3.03
Worldwide Capital	5	142.8	142.8xd	154.0	-1.4	2.03
Equity Exempt	5	120.5	120.5	129.6	–	2.14
Equity Exempt Acc	5	228.7	228.7	245.7	–	2.14
Templeton Unit Trust Managers Ltd (1000)						
20 Cockspur Avenue, EC2R 7PA 01-588 6064						
Intl Pen & Ch'ties	2	91.96	92.13xd	95.97	–	–
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262. Dealing 01-493 8545						
American Opps	5	38.75	38.75	41.33	-0.63	1.33
(Accum Units)	5	39.59	39.59	42.23	-0.64	1.33
European Opps	5	39.44	39.61	42.25	-0.11	1.11
(Accum Units)	5	39.65	39.83	42.48	-0.11	1.11
Far Eastern Opps	5	88.85	88.85	94.77	-1.93	0.44
(Accum Units)	5	89.12	89.12	95.06	-1.94	0.44
Golden Opps	5	36.01	36.01	38.41	-1.30	1.17
(Accum Units)	5	36.25	36.25	38.67	-1.31	1.17
Intl Hi-Yield	5	45.85	45.85	48.91	-0.43	4.06
(Accum Units)	5	46.32	46.32	49.41	-0.44	4.06
Japanese Opps	5	57.32	57.32	61.14	-0.93	0.91
(Accum Units)	5	57.32	57.32	61.14	-0.93	0.91
Kangaroo	5	32.97	32.97	35.17	-1.18	1.28
(Accum Units)	5	33.16	33.16	35.37	-1.18	1.28
Oriental Income	5	28.33	28.33	30.22	-0.63	2.04
(Accum Units)	5	28.82	28.82	30.74	-0.63	2.04
Pacific Technology	5	52.54	52.54	56.04	-1.18	0.00
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	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Pens (Acc)	54.7	58.3	–	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Aug 24	39.0	40.5	–	2.27
Euro Expt Aug 24	38.8	40.7	–	2.3
Fixed Int Ex Aug 24	48.5	50.9	–	9.43
Japan Expt Aug 24	53.5	55.7	–	0.55
Managed Ex Aug 25	38.6	40.1	–	4.51
SE Asia Expt Aug 24	38.2	40.1	–	2.22
Sm Cos Expt Aug 24	45.1	47.3	–	2.54
UK Eqty Ex Aug 24	36.6	37.8	–	3.81
New Court Property Fund Managers				
NC Property	189.5	199.5	–	–
Phillips & Drew Fnd Management Ltd				
PDFM Small Co Fd	812.0	862.0	–	3.50
Do Accum	838.0	890.0	–	3.50
PDFM Int Expt Aug 25	124.4	126.4	–	2.72
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.19	94.40	–	3.00

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Aug 12	–	140.9	–	–
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	251.2	264.5	–	–
Equity Ser. 1	111.6	117.5	-1.3	–
Prop. Acc. Ser 2	363.8	383.0	–	–
Equity Ser 2	126.6	133.3	-1.6	–
Selective Acc	283.7	298.7	-1.6	–
Prop. Ser. 4	284.9	299.9	–	–
Equity Ser. 4	130.3	137.2	-1.0	–
Fixed Int. Ser. 4	210.9	222.1	-0.4	–
Indexed Inv. Ser. 4	121.0	127.5	-0.2	–
American Ser. 4	252.8	266.2	-4.0	–
High Inc. Ser. 4	370.2	389.7	-2.0	–
Japan Ser 4	270.3	284.6	-3.2	–
Man. Ser. 4	368.6	388.0	-2.5	–
Money Ser. 4	217.8	229.3	–	–
European Ser 4	93.0	97.9	-0.1	–
Pension Funds				
Property	484.2	509.7	–	–
Equity	919.5	967.9	-11.4	–
Selective	301.8	317.7	-1.8	–
Managed	668.3	703.5	-6.1	–
Security	401.0	422.2	–	–
Fixed Int.	237.0	249.5	–	–
European	127.2	133.9	-0.2	–
American	205.0	215.8	-4.5	–
Japan	287.3	302.5	-4.2	–
Indexed	128.5	135.3	-0.2	–
International	145.0	152.7	–	–
Ethical	101.3	106.7	-0.3	–
High Income	98.1	103.3	-0.8	–
Abtrust Management Ltd				
20, Chiswell St, London, EC1Y 4TY 01-374 6001				
Managed Growth	301.81	317.70	–	–
Managed Income	136.71	143.91	–	–
AEtna Life Insurance Co Ltd				
401 St John St, London EC1V 4QE 0800 010575				
Life Funds (Accumulator Units)				
Squirrel	11.85	12.48	+0.00	–
Bear	12.08	12.72	-0.14	–
Owl	14.91	15.70	-0.25	–
Bull	13.49	14.20	-0.13	–
Stag	14.02	14.76	-0.14	–
Gilt-Edged	11.74		-0.04	–
Deposit	10.88		+0.00	–
North American	8.97	9.45	-0.07	–
European	7.67	8.08	+0.01	–
Property	11.04	11.63	-0.21	–
Index Linked	9.73	10.25	+0.03	–
Far Eastern	11.35	11.95	-0.04	–
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OTHER UK UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or −	Yield Gross
Phoenix Assurance Co Ltd				
Phoenix House, Redcliff Hill, Bristol 0272 294941				
Life Assurance Funds				
Wealth Assd	389.3	409.9	.....	−
Eb'r Ph. Eq.	344.2	364.6	.....	−
Pension Plan Funds				
Phoenix				
UK Equity Acc	169.4	178.3	.....	−
International Acc	142.3	149.7	.....	−
Property Acc	143.1	150.6	.....	−
Fixed Interest Acc	154.2	162.3	.....	−
Money Acc	143.0	150.5	.....	−
Bldg. Soc. Link Acc	139.9	147.2	.....	−
Special Mnged Acc.0	152.8	160.8	.....	−
Phoenix/Framlington				
Inml Growth Acc	88.30	92.90	.....	−
Am. Smllr. Cos. Acc	86.90	91.40	.....	−
Capital Tst. Acc	178.4	187.7	.....	−
Japan & Gen Acc	196.1	206.4	.....	−
American Turn. Acc	96.20	101.2	.....	−
Recovery Tst. Acc	180.0	189.4	.....	−
Special Mngd Acc	150.8	158.7	.....	−
Phoenix/GT				
International Acc	133.3	140.3	.....	−
US & General Acc	86.50	91.00	.....	−
Amer Spec Sits Acc	65.00	68.40	.....	−
Japan & General Acc	196.6	206.9	.....	−
Far East & Gen. Acc	144.4	152.0	.....	−
UK Capital Acc	177.3	186.6	.....	−
European Acc	141.5	148.9	.....	−
Special Mngd. Acc	129.1	135.8	.....	−
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	265.9	279.9	.....	−
Man Pens Inc & Cap Fds	339.2	357.1	.....	−
Money Fund	113.8	119.8	.....	−
Pens Mngd Fd (Unit)	89.6	94.4	.....	−
Pens Mngd Fd (Acc)	103.5	109.0	.....	−
Pens FT30 Fd (Unit)	126.8	133.5	.....	−
Pens FT30 Fd (Acc)	146.7	154.5	.....	−
Pens O'seas Mgf d(Unit)	59.0	62.2	.....	−
Pens O'seas Mgf d(Acc)	68.2	71.8	.....	−

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99	83	Redemption 3pc 1986-96	99 xd	.....	3.03	12.11
100	99	Treas. 9½pc '88	99	-	9.54	11.72
102	99	Treas 11½pc 1989	99	-	11.52	11.71
101	98	Treas 9½pc Cnv 1989	98	.....	9.61	11.40
97	95	Treas 3pc 1989	96	-	3.12	8.90
102	99	Treas 10½pc 1989	99	-	10.58	11.43
102	98	Exch 10pc 1989	98	-	10.12	11.37
103	99	Exch 11pc 1989	99 xd	-	11.03	11.31
97	94	Treas 5pc 1986-89	94	-	5.27	9.94
104	99	Exch 10¼pcCv '89	99	-	10.34	11.00
107½	102	Treas 13pc 1990‡‡	102	-	12.66	10.78
104	100	Exch 11pc 1990‡‡	100	-	10.97	10.76
107	102	Exch. 12½pc 1990	102 xd	-	12.21	10.85
93	90	Treas. 3pc 1990	90	-	3.31	9.03
99	96	Treas 8¼pc 1987-90‡‡	96	-	8.59	10.71
102	96½	Treas. 8pc Cv 1990 ‡‡	96½	-½	8.29	10.08
103	98	Treas. 10pcCv 1990	98	-	10.15	10.76
91	87	Exch 2½pc 1990	87	-	2.85	8.58
107	102	Treas 11¾pc 1991	102	-	11.51	10.70
95	90	Funding 5¾pc '87-91‡‡	90	-	6.35	9.93
90	86	Treas. 3pc 1991	86	-	3.46	8.65
105	98	Treas 10pc Cv '91 ‡‡	98	-	10.11	10.45
107	101	Exch. 11pc 1991	101	-	10.69	10.59
98	93	Treas. 8pc 1991	93	-	8.60	10.57
113	106¼	Treas 12¾pc 1992‡‡	106¼	-	12.00	10.50
104	98	Treas 10pc 1992	98	-	10.13	10.43
98	92	Treas. 8pc 1992 ‡‡	92	-	8.63	10.47
106	99	Treas 10½pc Cv 1992‡‡	99	-	10.50	10.47
86	82	Treas. 3pc 1992	82	-	3.62	8.37
112	105	Exch. 12¼pc '92	105	-	11.62	10.53
117	109	Exch 13½pc 1992	109 xd	-	12.34	10.58
97	92¼	Treas 8¼pc 1993	92¼	-	8.94	10.44
105	98	Treas 10pc 1993‡‡	98	-	10.16	10.42
115	107	Treas 12½pc 1993‡‡	107	-	11.60	10.41

Five to Fifteen Years

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
93	88	Funding 6pc 1993‡‡	88 xd	-	6.78	8.86
121	112	Treas 13¾pc 1993‡‡	112	-	12.19	10.48
101	92	Treas. 8½pc 1994	92	-	9.23	10.44
44	42	Tr6½pc 1994 "A" (30% pd)	42	-	9.23	10.46
125	116	Treas 14½pc 1994‡‡	116 xd	-	12.43	10.44
120	112	Exch 13½pc 1994	112	-	12.09	10.55
105	98	Treas. 10pc Ln. 1994‡‡	98	-	10.15	10.32
116	108	Exch. 12½pc 1994	108	-	11.52	10.53
101	94	Treas 9pc 1994‡‡	94	-	9.54	10.23
114	106¼	Treas 12pc 1995	106¼	-	11.24	10.50
83½	78½	Exch 3pc Gas 90-95	81	-	3.67	6.41
106	99	Exch. 10¼pc 1995	99	-	10.31	10.35
120	111	Treas 12¾pc 1995‡‡	111	-	11.41	10.37
126	117	Treas. 14pc '96	117	-	11.91	10.50
101	94	Treas. 9pc 1992-96‡‡	94 xd	-	9.55	10.11
133	124	Treas 15¼pc 1996‡‡	124	-	12.23	10.48
123	115	Exch 13¼pc 1996‡‡	115	-	11.54	10.39
105	98	Conversion 10pc 1996	98	-	10.17	10.29
124	116	Treas 13¼pc 1997‡‡	116	-	11.43	10.34
108	101	Exch 10½pc 1997	101	-	10.38	10.29
98	92	Treas 8¾pc 1997‡‡	92 xd	-	9.50	10.11
134	126	Exch 15pc 1997	126	-	11.92	10.52
104	97	Exch. 9¾pc 1998	97	-	10.04	10.22
87	81	Treas 6¾pc 1995-98‡‡	82	-	8.24	9.67
140¼	131	Treas. 15½pc '98‡‡	131 xd	-	11.83	10.42
118	110	Exch. 12pc 1998	110	-	10.88	10.32
103	96	Treas 9½pc 1999‡‡	96	-	9.83	10.01
120	112	Exch. 12¼pc 1999	112 xd	-	10.91	10.32
109	102	Treas. 10½pc 1999	102	-	10.31	10.20
107	100	Conversion 10¼pc 1999	100	-	10.22	10.19
100¼	86	Treas. 8½pc Ln 2000‡‡	90	-	9.43	9.95
99	93	Conversion 9pc 2000‡‡	93	-	9.63	9.96
126	118	Treas. 13pc 2000	118	-	11.01	10.31
106	99	Treas 10pc 2001	99 xd	-	10.03	10.03
129	121	Treas. 14pc '98-01	121	-	11.56	10.47
104	98	Conversion 9¾pc 2001	98	-	9.92	9.99
118	110	Exch. 12pc '99-02	110	-	10.88	10.34
107	100	Conversion 10pc 2002	100	-	9.97	9.95
105	98	Treas 9¾pc 2002	98 xd	-	9.88	9.91
99	93	Exch. 9pc 2002	93	-	9.63	9.85
131	123	Treas. 13¾pc 2000-03	123	-	11.19	10.35

Over Fifteen Years

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108	100	Treas 10pc 2003	101 xd	-	9.89	9.85
117	109	Treas. 11½pc 2001-04	109 xd	-	10.49	10.13
108¼	100	Treas. 10pc 2004	101	-	9.83	9.78
59	54	Funding 3½pc '99-04	57	-	6.05	8.34
104	97	Conversion 9½pc 2004	98	-	9.66	9.70
104	97	Conversion 9½pc 2005	98½	-	9.63	9.66
113	105	Exch. 10½pc 2005	106 xd	-	9.82	9.67
128	119	Treas. 12½pc 2003-05	119	-1	10.43	9.92
92	85	Treas. 8pc 2002-06‡‡	86	-	9.23	9.56
106	99	Conversion 9¾pc 2006	101	-	9.65	9.62
121	113	Treas. 11¾pc 2003-07	113	-	10.32	9.91
97	89	Treas 8½pc 2007 ‡‡	91	-	9.29	9.46
137	128	Treas. 13½pc '04-08	128½ xd	-1	10.50	9.87
101	94	Treas. 9pc 2008 ‡‡	96	-	9.37	9.43
92	85	Treas 8pc 2009	87 xd	-	9.15	9.37
101	93¾	Conv 9pc Ln 2011 ‡‡	96	-	9.29	9.33
68¼	62	Treas. 5½pc 2008-12‡‡	65	-	8.47	9.13
89	82	Treas. 7¾pc 2012-15‡‡	84	-	9.12	9.27
130	121	Exch. 12pc '13-'17	125	-1	9.59	9.37

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

OTHER OFFSHORE FUNDS

Northgate Unit Tst. Mngr. (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pacific Fund Aug 24	$39.20	42.05	.....	-

North Star Fund Managers (Cayman) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Invest Fund	DKr226.0	227.0	-	-
Low Risk Fund	DKr173.0	174.0	-	-
High Perf. Fund	DKr195.0	196.0	-1	-
Bond Fund	DKr144.0	145.0	-	-
Second Low Risk Fd	DKr142.0	143.0	+1	-

Scrimgeour Kemp-Gee

	Bid Price
SKG Capital Fund	456.7
SKG Income Fund	84.4
Gilt Bond	184.2

Seoul International Trust

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price $	+ or –	Div Gross	C'vr	Y'ld Gr's
26⅝	19⅞	Texaco $6.25	26⅜	–¼	†$3.00	–	6.6
60¾	43¼	Time Inc. $1	55¾xd	–⅞	$1.00	–	1.1
20⅝	15⅝	Transamerica $1	19⅝xd	–⅛	$1.84	–	5.5
20⅛	14½	TRINOVA Corp.	15¼xd	–⅛	64c	–	2.5
19	15¼	USX $1	16⅛	–⅛	$1.20	–	4.4
23	17⅝	Utd. Technologies	20⅞xd	.....	$1.60	–	4.5
33½	26⅛	US West	31⅝	–½	$3.52	–	6.5
21¾	16⅞	Waste Management $1	20⅞xd	–⅛	48c	–	1.3
16⅞	12⅞	Whirpool $1	14¼	–⅛	$1.10	–	4.5
32⅞	18¼	♥Woolworth $3½	29¼	–¼	$1.64	–	3.3

CANADIANS

1988 High	Low	Stock	Price $	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	215½p	–1	–	–	–
32p	11p	♥Abbot Energy Corp.	13½p	.....	–	–	–
14¼	990p	♥Amer. Barrick Res.	10¼	–⅛	–	–	–
10p	3½p	American Lightwave	4p	–½	–	–	–
47p	15¼p	♥Armeno	17p	–½	–	–	–
76p	45p	Augmitto Expln.	57½p	.....	–	–	–
13⅞	10⅝	Bk. Montreal ‖	12¼	–⅛	$2.00	–	7.6
697p	514p	Bk. Nova Scot. ‖	633p	–21	76c	–	5.8
18⅝	15¼	BCE ‖	17½xd	–¼	$2.44	–	6.8
716p	591p	♥Bow Valley ‖	648p	.....	†40c	–	3.0
13⅝	10½	♥Brascan ‖	12¼	–¼	88c	–	3.5
328p	189p	♥Breakwater Res.	232p	.....	10c	–	2.1
11¾	801p	Can. Imp Bank ‖	16⅞	–⅛	$1.16	–	5.2
11½	841p	Can. Pacific ‖	10⅛	–¼	60c	–	2.9
41½	40	Do. 4pc Deb £100	40½	.....	4%	–	9.9
515p	362p	Central Capital "A" ‖	467p	+3	–	–	–
485p	440p	♥Corona Corp.	455p	+12	–	–	–
886p	288p	Cons. TVX Min.	359p	–2	–	–	–
361p	76p	Danbus Res.	347p	–14	–	–	–
686p	430p	Derlan Inds.	569p	–9	11.75c	–	1.0
14⅛	984p	♥Echo Bay Mines	10⅞	+⅛	$0.07	–	0.4
40p	26p	Energex Minerals	28p	–½	–	–	–
125p	83p	Euro-Asia Capital Ltd.	103p	–5	–	–	–
386p	222p	♥Galactic Resources	287p	–14	–	–	–
125p	90¼p	♥Geodome Res.	96p	+2	–	–	–
394p	196p	Granges Expln ‖	213p	+4	–	–	–
17p	8½p	♥Gt Pacific Res.	9½p	–1½	–	–	–
903p	652p	♥Gulf Canada ‖	841p	–25	52c	–	3.0
12⅞	816p	♥Hawker Sid Can ‖	10½	.....	$1.08	–	5.0
550p	344p	Henlys Group	431p	–24	–	–	–
957p	785p	♥Hudson's Bay ‖	889p	–11	60c	–	3.3
28	22⅞	♥Imperial Oil ‖	25⅝	–¼	$1.80	–	3.4
20⅞	10⅛	Inco ‖	18	–¼	US$0.80	–	2.6
718p	462p	♥Inland Nat. Gas $1	551p	–3	60c	–	5.3
250p	150p	Madeleine Mines	194p	+6	–	–	–
207p	126p	♥Muscocho Expln.	194p	–4	–	–	–
187p	75p	♥Ntnl Business Syst. ‖	98p	.....	–	–	–
245p	110p	♥Nevada Goldfields	191½p	–1½	–	–	–
12	787p	♥Rio Algom	10⅛	–⅛	$1.30	–	6.3
16¼	11½	Royal Bk. Can. ‖	14⅝	–⅛	$2.08	–	6.8
34⅝	26⅝	Seagram ‖	31¼	–⅛	US$1.20	–	2.3
361p	167½p	♥Sonora Gold Corp ‖	167½p	–1½	–	–	–
121p	18p	Spiral Eng.	117½p	–½	–	–	–
150p	35p	Tara Pure Tech. Corp. ‖	127p	–½	–	–	–
16⅛	11⅛	Toronto-Dom. Bk. ‖	15⅛	–¼	$1.12	–	3.6
64p	14p	♥Trans Atlantic Res ‖	21½p	.....	–	–	–
684p	566p	♥Trans Can Pipe	621p	.....	68c	–	5.3
205p	127p	Varity Corp ‖	161p	.....	B–	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*243	124	ANZ $A1	233	–5	†Q21c	3.1	4.4	7.4
281	200	Allied Irish	254	+2	Q65.3%	3.1	5.4	8.0
£13¼	£10⅞	Algemene Fl.10	£11⅝xd	.....	Q27%	1.9	6.6	–
73	58	Anglo Irish	65	.....	Q19.69%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p	83	–1	2.0	–	3.2	–
£40½	£24⅝	Banco de Bilbao S.A.	£36¼	.....	Q67.2%	3.1	4.6	7.0
£35⅝	£27⅞	Banco de Santander	£30¼	–½	Q22%	2.4	1.8	23.7
*268	184	Bank Ireland IrC1	230	–2	Q15.67%	3.3	5.7	7.2
£18½	£15	Bank Leumi	£18½	.....	–	–	–	–
350	350	Bank Leumi (U.K.)	358	.....	12.4	–	4.7	–

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

237	150	Royal Sovereign 10p. γ	233	+2	4.6	1.9	2.7	21.5
26	22½	Scott Pickford 10p...γ	25	......	3.1	0.7	16.5	13.0
116	68	Seacon Hldgs........ γ	111	−2	—	—	—	—
15½	13	Sonic Tape 2½p...... γ	13	−½	—	—	—	17.1
27	18	Staks Hldgs. 5p...... γ	22	......	—	—	—	♦
4½	3	Swaygard Studios 1p γ	3	......	—	—	—	♦
298	200	Takare................. γ	278	......	b1.0	8.1	0.5	28.5
70	41	Theme Holdings...... γ	65	−1	♦1.1	♦	2.3	♦
36	26	Tomorrows Leisure 20p γ	30	......	—	—	—	♦
25	13½	Tullow Oil 10p....... γ	19	−1	—	—	—	—
135	115	UPL Group 10p....... γ	122	+2	L2.41	4.3	2.6	16.6
182	120	Unit Group........... γ	178	......	5.0	♦	3.7	♦
125	85	Video Tape Rec 5p. γ	115	−5	L2.3	2.3	2.7	16.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	71	......
Craig & Rose £1.. γ	700	......
Finlay Pkg. 5p.... γ	88	......
Holt (Jos) 25p..... γ	£11¼	−⅛
Arnotts.............. γ	360	......
Carrol Inds......... γ	168	......
Grafton Grp........ γ	130	+2
Hall (R. & H.)......	157	−3
Helton Hldgs....... γ	56	+1
Irish Ropes.......... γ	163xd	......

IRISH

Nat. 9¾ % 84/89..	£100¼	......
9pc Cap Ln. 1996..	£99½	......
Fin. 13% 97/02...	£119	......

For Unidare see Electricals

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	36
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	58
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	38
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES
Weekend August 27/August 28 1988

Tokyo SE reticence on insider deal casts doubt on reforms

By Stefan Wagstyl in Tokyo

THE TOKYO Stock Exchange's ability to help to enforce tough insider trading laws, which come into effect in April, was called into question yesterday when it refused to name the chief suspects in an insider dealing scandal.

After a month-long investigation, the exchange revealed the results of a probe into allegations of insider dealing at Nippon Steel, the country's largest steelmaker, and Sankyo Seiki, an engineering company whose shares rose strongly just before Nippon Steel announced the acquisition of an 18 per cent stake.

Stock exchange officials said 15 Sankyo Seiki employees and 19 staff at Nippon Steel bought shares in Sankyo Seiki in the 10 days before July 29, when the deal was announced.

In spite of persistent questioning at a stormy two-hour press conference, however, the officials declined to say how many of those who had traded shares had been involved in the acquisition talks.

They said insider information had been leaked. But it was impossible to say whether any of those who had bought an average of 2,000 shares each were definitely insider traders.

The officials added that this was because they had been empowered to question only securities brokers, rather than the share purchasers themselves.

Japanese journalists accused the exchange of covering up its findings following visits to the exchange this week by the presidents of Nippon Steel and Sankyo Seiki, who came to apologise for the incident.

The exchange has instructed both companies to report on steps taken to ensure that inside information does not leak out again.

The Tokyo Ministry of Finance put on a brave face over the findings, saying co-operation in the investigation had been voluntary and so did not set a precedent for cases after the new laws come into effect.

However, officials were privately annoyed that an investigation supposed to demonstrate the Japanese authorities' new ability to promote higher standards of disclosure had backfired.

The officials had hoped that a clear-cut report on the Nippon Steel/Sankyo Seiki case would serve as a warning shot for the markets.

As well as the new laws, industrial bodies are passing tough regulatory codes formally instructing members – including banks and securities companies – to build "Chinese walls" to prevent leaks of sensitive information.

The Tokyo Stock Exchange yesterday sent letters to all listed companies warning them of the need to control the flow of sensitive information.

World stock markets, Page 11

Poland calls for strike talks

By Leslie Colitt in Warsaw

THE Polish Government yesterday proposed round-table discussions in an attempt to end the worst wave of strikes in the country since martial law was imposed in 1981.

State television said that Mr Czeslaw Kiszczak, the Interior Minister, had proposed the discussions with all sides without preconditions. But those who "rejected the constitutional order of Poland" would be excluded.

Mr Lech Walesa, leader of the banned trade union Solidarity, had earlier said he was ready to hold talks with the Polish authorities after being visited in the strikebound Lenin shipyard at Gdansk by a prominent mediator.

"I am ready, unconditionally and without any restrictions regarding topics, to start talks at any time," Mr Walesa said.

Mr Kiszczak, who is also a member of the ruling Communist Party politburo, did not say whether Solidarity would be included in the discussions.

"I have been authorised as chairman of the Council of Ministers [government] committee on law and order and social discipline to hold in the shortest possible time a meeting with representatives of different social milieux and with workers' representatives," he said. "It could take the form of a round-table meeting."

Attempts to arrange talks between Mr Walesa and Mr Zdzislaw Sadowski, the Deputy Prime Minister responsible for economic reform, foundered earlier this year when the union leader made a sharp attack on the Polish leadership. The authorities have refused to negotiate with the strikers on their demand for the legalisation of Solidarity throughout the current strikes, which began on August 16.

At a meeting of the central committee of the Polish Communist Party scheduled for today, one of the main topics was believed to be the future of Mr Zbigniew Messner, Poland's Prime Minister.

His Government has recently been sharply criticised by the party for introducing drastic price rises earlier this year which led to the present wave of labour unrest. Mr Messner was expected to be a convenient scapegoat for the party leadership under General Wojciech Jaruzelski.

Solidarity activists said yesterday that mechanical workers in the Stalowa Wola steel mill joined nearly 3,000 workers occupying the plant. Strikes also continued in three coal mines in Silesia where riot police staged a show of force at the main gate of the July Manifesto mine near Jastrzebie, but did not enter the mine. Elsewhere in Silesia the strikes crumbled.

Poland's Roman Catholic bishops, in the church's first statement since the strikes began, criticised the Polish leadership but also called for the people to work.

They said the entire nation was again experiencing "dramatic shocks." The basic cause of Poland's present political and social situation was a "violation" of human rights and the dignity of labour. The bishops reiterated that the Government should grant trade union pluralism, which would mean the recognition of Solidarity.

Background: Page 2

New York oil futures exchange chairman quits after criticism

By Deborah Hargreaves in Chicago

MR BILL BRADT, chairman of the New York Mercantile Exchange, has resigned following a report by the US futures industry regulatory body criticising his conduct in several exchange matters.

In an unusual public report, the Commodity Futures Trading Commission has found that Mr Bradt's behaviour was "inappropriate" in two instances and could have led to a conflict of interest.

The report follows an internal inquiry by Nymex – the world's largest oil futures exchange – which culminated in the dismissal earlier in the year of Mr Kevin Conway, who was in charge of overseeing and enforcing exchange regulations.

Mr Bradt was involved in discussions with Mr Conway on setting up a joint business venture for clearing futures trades.

Mr Conway was dismissed for trying to set up the operation on exchange time and expenses.

While Mr Bradt had backed away from the business association because of a possible conflict of interest, the CFTC criticised the fact that he was in negotiation with Mr Conway for 18 months.

The CFTC also expressed concern about Mr Bradt's receipt of a fee from a Chicago brokerage firm for his development of an oil futures contract before he became chairman, calling it an "improper reward."

While neither the CFTC report nor the Nymex inquiry found that Mr Bradt had violated exchange or regulatory rules, Mr Bradt said it was in "the best interest of my business, my family and the exchange to step down."

Mr Bradt has also faced growing disaffection with his leadership among trading members of the exchange, not least for his enthusiasm about a merger with New York's Commodity Exchange (Comex).

Under Nymex rules, Mr Zoltan "Lou" Guttman has taken over as chairman until the next scheduled election in March 1989. Mr Bradt will continue to trade crude oil futures.

Ms Rosemary McFadden, Nymex president, said: "It is business as usual," adding that she was glad to put this chapter behind the exchange.

She said the Nymex board would continue to review ongoing projects such as the merger, a move to a new building and new trading contracts.

However, Mr Bradt's departure makes the long-debated merger with Comex appear even more remote.

The CFTC said the issues arising from the investigation could have implications for other futures exchanges and that it would look into the exchanges' ethics policies.

US publisher rejects Maxwell

By Martin Stanbridge in New York

MACMILLAN, the large US publishing house, yesterday rejected as inadequate the \$2.2bn (£1.3bn), or \$80 a share, tender offer from Maxwell Communication Corporation, the British printing and media group controlled by Mr Robert Maxwell.

The directors of Macmillan, which is one of the last big independent US publishers, said they had held discussions with other parties which led them to believe that more than \$80 a share could be obtained if they determined to sell the company.

However, in a filing with the Securities and Exchange Commission, the US securities regulator, Macmillan said that although it had held talks with third parties interested in an acquisition, no negotiations had taken place. The company had provided information to third parties and may provide it to other third parties.

According to the filing, the Macmillan directors based their belief that a higher offer could be received on the opinion of Wasserstein Perella, the group's financial adviser.

Maxwell Communication Corporation said yesterday it hoped Macmillan would put its offer to shareholders. It also reiterated its interest in pursuing "friendly discussion" with Macmillan management.

Macmillan's directors also signalled yesterday that they would continue to pursue their \$1.66bn defensive recapitalisation plan involving splitting the company into two. This was unveiled at the end of May in response to the hostile \$75-a-share tender offer from an investor group led by Mr Robert Bass of Texas.

Macmillan's appeal against a temporary injunction won by the Bass camp to halt the plan is scheduled for the Delaware Supreme Court on September 9 after a hearing on August 15 was adjourned.

Mr Maxwell, who has long been seeking a big US publishing group to add to his printing activities there, sees himself as as a "white knight" in the battle between Macmillan and the Bass group.

In early trading yesterday, Macmillan's shares edged ahead by \$¼ to \$83¾. This price, however, is below the \$84½ peak the stock reached on the day MCC announced its bid on July 21.

Before the Bass camp unveiled its offer in May, Macmillan's stock stood at about \$50.

Girobank's buyer must be ready to fund growth

By David Barchard

AS THE DEADLINE for preliminary bids for Girobank, the Post Office banking subsidiary, expired last night, it seemed increasingly clear that its private sector purchaser will have to inject a sizeable sum of money into the business and take some hard strategic decisions.

So far only TSB and Littlewoods have identified themselves as bidders, although more than 100 institutions, including banks, building societies, and some retailers, applied for the information kit.

Last night Mr Gerry Grimstone of Schroders, the City merchant bank handling the sale for the Post Office, declined to say how many applications there had been.

The Post Office had asked firms wishing to bid to give some preliminary details about themselves and how they would handle the sale by August 12. Only a handful are understood to have done so.

The Government's decision to sell the bank seems to have been taken as a conscious alternative to injecting from public sources the funds needed to enable it to grow. Girobank urgently requires back-up computer facilities.

A more fundamental question is whether the Bank of England will allow new owners to carry out Giro's existing business on its present capital base. Mr Malcolm Williamson, Girobank's managing director, said: "The Bank of England may well take the view that we ought to have more capital than we currently do."

The new owner must also decide how to develop Girobank's lending book, as the bank remains very underlent by comparison with competitors. Here again, the new owner's course of action may be determined by the Bank of England, which may not allow the bank to grow without strengthening its capital base.

All of these considerations are likely to have a significant impact on the price paid by the purchaser. As Girobank has net assets of around £100m, this is unlikely to be higher than £140m.

The first short-list should be ready by mid-September, though this could be delayed as possible purchasers who are also direct competitors are sounded to see whether their interest is genuine.

A decision on the sale is expected by early November.

The Government has expressed a willingness to consider foreign as well as British applications to buy Girobank, but has virtually ruled out a sale to any of the principal clearing banks.

Several retailers, apart from Littlewoods, have expressed interest. To be eligible to buy the bank, however, they would have to convince the Bank of England of their suitability.

A large number of other UK retail finance bodies are also understood to have bid, with the Co-op bank widely regarded as a likely front runner. It is also believed that at least one local government authority has expressed interest, though it is most unlikely that the Post Office would allow its name to go forward for the short-list.

THE LEX COLUMN

Jaguar shifts into reverse gear

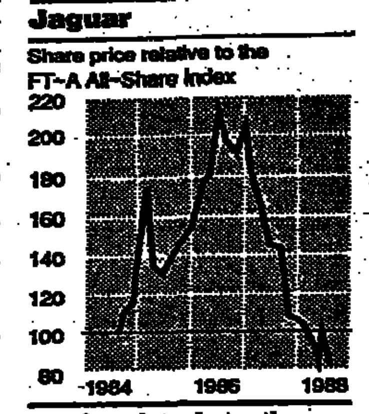
Jaguar, by its own admission, has gone ex-growth. That might sound a fairly pessimistic statement from a privatisation wonder-company with only four years in the private sector. Yet, after yesterday's cripplingly disappointing 50 per cent fall in interim results, even no growth at all over the next few years – as opposed to a further sharp contraction – would be a remarkable achievement.

Even if sales can be maintained at the present level, lower profits for the rest of this year and next look unavoidable. With little prospect of any price increases, the company will have to swallow a nasty mixture of higher wage costs, higher depreciation charges, higher interest costs and a higher tax rate. Altogether, it may make barely £40m this year – about one third of the total it believed attainable just six months ago – and next year the effect of a weaker dollar alone could reduce that figure to nothing.

The company's response to all this is cost-efficiency. Quoting to itself the miraculous strides made by Japanese exporters when faced with a sky-high yen, it reckons it can save £50m a year. But given its feeble record at delivering productivity gains to date, and its apparently modest plans for cutting its workforce, it is difficult to see such large improvements materialising.

The modest 12p fall in the shares yesterday to 252p shows the market is still intent on matching up Jaguar with a buyer, despite the ban imposed by the golden share. This would appear to be a risky strategy, especially if based on the improbable notion that the Government will allow bidders in before the share lapses at the end of 1990. The market believes – probably correctly – that Jaguar's brand name and its market position would be worth a great deal to a mass car producer. However, on its own prospects the shares are probably two and a half times too high, and two and a half years seems an awfully long time to play the arbitrageur.

FT Index fell 7.2 to 1,425.4



Markets

The world's stock markets are in such a spooky mood that it was unlikely that Thursday's anniversary of Wall Street's all-time high was going pass off without some nervous disorder. In the event it was London, rather than New York or Tokyo, which was the centre of attraction, with the FT-SE 100 suffering its worst fall since early spring. After several months when faster-than-expected economic growth was starting to restore investor confidence, the sheer scale of the UK's July trade deficit has dealt a severe blow to the market's fragile morale. Some of the chartists now see the FT-SE 100 testing last November's post-crash low of 1,565, and even the more fundamentally orientated analysts are re-doing their profit calculations to see what happens if the hoped-for soft landing does not materialise.

The immediate danger for the equity market is that the tough medicine which is now urgently needed to quell the UK consumer spending boom will turn out to be poison for equities. Until this week the Government had been able to raise base rates by 3½ percentage points without damaging equities.

However, this is no longer the case, and there is now an understandable fear that the authorities may be forced to over-react and push the UK into a recession. Most still assume that the economy will grow by 2½ per cent next year, but corporate earnings growth, according to Phillips & Drew's estimates, is already set to halve to around 7 per cent in 1989. This could turn out to be optimistic, especially if interest rates are forced still higher.

The main support for the UK equity market is that it does not look particularly expensive at current levels. It is selling on a prospective multiple of around 10, and a prospective yield of close to 5 per cent looks reasonable value when compared with long gilt yields. Indeed, the market multiple is less demanding than in New York, yet equities are yielding a good half point more. Assuming that there is not going to be a recession, then equities could find support near current levels.

However, there are a couple of other things which could go wrong. The gilt-edged market held up surprisingly well on Thursday, but by yesterday it seemed to be having second thoughts. And if long gilt yields moved decisively above 10 per cent, then equities will start to look far less cheap. Whether this happens will depend on sterling's performance

Maxwell

There have never been that many companies willing to do a friendly deal with Robert Maxwell – only yesterday, Macmillan too spurned Mr Maxwell's advances – but AGB could well discover grounds for an enduring friendship. That would probably only prove that distress is a powerful motive: after losing £45m in a magnificently ill-conceived attempt to break into the market for measuring US television audiences, AGB is nothing if not distressed. True, the company had plans to ease this malaise without benefit of Mr Maxwell's assistance. But these would have left MAI with a 30 per cent holding in AGB: too large for comfort but probably too small to guarantee the future. And given the speed with which Pergamon Professional and Financial Services built up its 14.99 per cent stake in AGB on Thursday, it does not take much in the way of market research to conclude that shareholder support for the MAI rescue plan was limited.

This is scarcely surprising: the largest seller appears to have been TRIG, which is under duress on its own account. And given an offer at something like 20 times prospective earnings on a day when there was so much red on the screens, others were also keen to dump a stock which had lost 55 per cent of its value against the market since 1983. There seems little doubt that AGB shareholders would be better served by a bid at upwards of 220p from Mr Maxwell than by the original rescue plan – though they may wish to keep in mind Sir Bernard Audley's dual allegiance to them and the shareholders of MAI when coming to any decision. Mr Maxwell could just be having a bit of fun with the stake, but perhaps where he has ventured others will follow. AGB is of course small beer compared with Macmillan; but that saga will run and run, and in the short term, the Delaware courts will have more to say about it than Mr Maxwell or anybody else.

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Nixdorf	425	+	5.4
Falls			
BMW	477	-	8
Thyssen	149.4	-	1.7
MAN	199.7	-	2.2
BASF	258.6	-	2.4
RWE	226	-	2

PARIS (Ffrs)

Rises			
Alspi	300.1	+	20.1
Darty	475.6	+	27.6
La Redoute	2750	+	150
Casino	149.1	+	5.8
Falls			
Cetelem	677	-	42
Radiotech.	683	-	27

NEW YORK (\$) at 12.30

Rises			
Freq. Elec.	11¾	+	1¼
Primerica	29⅛	+	1⅜
Scotty's	14⅝	+	1⅞
Tenneco	47⅜	+	1⅛
Wickes	13¼	+	⅜
Falls			
Amer. Health	21⅝	-	⅝

TOKYO (Yen)

Rises			
Toyama	1140	+	100
Descente	1150	+	100
Nippon Hse	1540	+	90
Falls			
Okuma & Howa	676	-	44
Yokohama Mat	1400	-	90
Kioritz	710	-	45

LONDON (Pence)

Rises			
AGB Research	206	+	16
Nurdin P'cock	170	+	4
Falls			
Tr 13½% C4-08	£128½	–	1$\frac{1}{16}$
Allied-Lyons	395½	–	7½
Blue Circle	428	–	12
Brent Walker	370	–	12
Bryant Grp.	124	–	9
Cowie (T.)	108	–	8
Dixons	158	–	10
Jaguar	252	–	12
LandLeisure	358	–	12
Lon F'faiting	159	–	8
MEPC	516	–	6
Midsummer Leis	416	–	8
Pleasurama	221	–	11
Scot. & Newc.	338½	–	8½
T'house Forte	236½	–	4½
UTC	188	–	10
WPP	599	–	15
W. Motor	576	–	19

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Dallas †	F	26	79	Madeira	S	23	73	Prague	F	15	59
Algiers	S	31	88	Dublin	C	15	59	Madrid	S	29	84	Reykjavik	Dr	10	50
Amsterdam	F	17	63	Dubrovnik	S	24	75	Majorca	S	27	81	Rhodes	S	29	84
Athens	S	30	86	Edinburgh	C	15	59	Malaga	S	29	84	Rio de Janeiro		–	–
Bahrain	S	36	97	Faro	S	29	84	Malta	S	30	86	Rome	S	27	81
Barcelona	S	25	79	Florence	S	26	79	Manchester	F	17	63	Salzburg	F	17	63
Belfast	F	15	59	Frankfurt	C	17	63	Melbourne		–	–	S'Francisco †	F	16	61
Belgrade	F	20	68	Geneva	F	18	64	Mexico City		–	–	Santiago		–	–
Berlin	F	15	59	Gibraltar	S	28	82	Miami †	F	28	82	Seoul		–	–
Biarritz	S	22	72	Glasgow	C	15	59	Milan	S	23	73	Singapore	F	30	86
Birmingham	F	18	64	Guernsey	F	16	61	Montreal †	F	18	64	Stockholm	F	19	66
Blackpool	S	16	61	Helsinki	C	16	61	Moscow	S	26	79	Strasbourg	C	16	61
Bombay		–	–	Hong Kong	F	31	88	Munich	C	15	59	Sydney		–	–
Bordeaux	S	23	73	Innsbruck	F	17	63	Nairobi	C	21	70	Tangier	S	31	88
Boulogne	Dr	15	59	Inverness	C	16	61	Naples	S	29	84	Tel Aviv	S	31	88
Bristol	C	15	59	Isle of Man	S	15	59	Nassau		–	–	Tenerife	S	26	79
Brussels	F	17	63	Istanbul	S	27	81	Newcastle	F	17	63	Tokyo	C	28	82
Buenos Aires		–	–	Jersey	C	17	63	New Delhi		–	–	Toronto †	F	16	61
Budapest	F	19	66	Johannesburg	S	20	68	New York †	S	23	73	Tunis	F	30	86
Cairo	S	35	95	Las Palmas	S	26	79	Nice	S	25	77	Valencia	F	28	82
Cape Town	C	20	68	Leeds	C	17	63	Nicosia	S	30	86	Venice	F	20	68
Cardiff	Dr	15	59	Lisbon	S	29	84	Oporto	S	32	90	Vienna	F	19	66
Chicago †	F	14	57	Locarno	S	22	72	Oslo	C	15	59	Warsaw	C	14	57
Cologne	F	19	66	London	C	17	63	Paris	R	15	59	Washington		–	–
Copenhagen	F	16	61	Los Angeles †	F	19	66	Peking		–	–	Wellington	S	9	48
Corfu	S	29	84	Luxembourg	R	12	54	Perth	C	16	61	Zurich	C	13	55

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Bank Continued from Page 1

est level since the beginning of the year.

The FT-SE 100 Share Index closed 9.5 points lower at 1770.7 and the FT Ordinary Share Index closed 7.2 lower at 1,425.4. Both indices had closed sharply lower on Thursday.

Meanwhile, the increases in European interest rates on Thursday, notably the West German Bundesbank's discount rate rise to 3½ per cent, stabilised the currency markets.

The dollar had withstood repeated central bank intervention and negative US economic data including news that the US trade deficit had jumped to \$12.5bn in June as imports surged and exports fell slightly.

However, it buckled this week under a concerted attack by central banks through more aggressive intervention, the interest rate moves in Europe and hints from the Reagan Administration that it did not want the dollar to rise further.

The dollar appeared vulnerable before the European interest rate rises were announced last Thursday

Gulf Continued from Page 1

into responsibility for the conflict.

The way would then have been paved for the establishment of a demilitarised buffer zone along the border to lessen the risk of confrontation in what is still a fragile truce. A joint military committee comprising Iraqi, Iranian and UN representatives could have been set up and a small UN naval force could have been created to patrol the Shatt.

Iraq's worry appears to be that a failure to resolve the Shatt issue in its favour as part of an overall settlement would inhibit its ability to use the waterway and the Gulf, where Iran claims the right to stop and search Iraqi shipping.

To compound yesterday's problems, Mr Javier Perez de Cuellar, the UN Secretary-General who is chairing the Geneva talks, is also encountering difficulties in finding a personal representative to pursue further mediation between Iran and Iraq.

Lawson defends record Continued from Page 1

He argued that inflation had been suppressed rather than cured – it had fallen largely in response to world commodity prices and was higher in proportion to other industrialised countries than in 1979. Supply side weakness meant demand could not be met from within the economy.

The end of the boom would leave Britain unprepared to face the tougher competition of the next decade, especially that resulting from the creation of the single European market in 1992, Mr Gould said.

In spite of £65bn income from North Sea oil, the UK had not invested in research and training and would be ill-equipped to compete with those countries which had done so.

"For a supposedly prudent housewife, Mrs Thatcher has given a pretty fair imitation of a spendthrift – living only for today and caring not a hoot for tomorrow."

Nine years of Thatcherism had left Britain no better off than when Labour left office.

Weekend FT

Section II

Weekend August 27/28, 1988

The power brokers in the Vatican

*Even the Pope is not immune from criticism. **Kevin Rafferty** reports*

POPE JOHN PAUL II will celebrate 10 years as head of the Roman Catholic Church in October – yet not everyone is rejoicing. Murmurings of discontent can be heard even inside his Vatican City stronghold, where one ranking European monsignor summed up the feelings by claiming bitterly that "this experiment with a Polish Pope should not be repeated."

A more sober Anglo-Saxon prelate sums up the complaints: "There is certainly a feeling in Rome that it would be better, safer, to choose an Italian Pope, as we had for 450 years before John Paul II, someone who understands the workings and government of the whole Church. This feeling is strongest inside the Curia (the Church's central government) and among the Italians." One of the Pope's staunchest supporters concedes that "this Pope is more interested in ideas and inspiration than in organisation."

Proof of this came early in July when a much-heralded and many-times-rumoured "reform" of the Curia was announced. It was a damp squib, offering minor and cosmetic changes to the system set up 20 years ago by Pope Paul VI. It omitted new regulations for the controversial Vatican Bank, which still are being prepared, and was overshadowed totally in the same month by the schism created when Archbishop Marcel Lefebvre finally broke with Rome, taking with him perhaps 250,000 like-minded traditionalists (although a mere 0.03 per cent of baptised Catholics).

A Frenchman, Lefebvre was for many years a missionary in Africa and became archbishop of Dakar, Senegal. He returned to Europe and in 1975 he established his breakaway Fraternity of St Pius X, named after the anti-modernist pope. This year, at the age of 83, the rebel priest completed his break with the Vatican when he ordained his own bishops in defiance of personal please from the Pope.

The Pope's kingdom is like no other country on earth, a pocket handkerchief-sized state where almost no-one lives, headed by a virtual dictator. But, he also enjoys extra-territorial influence far beyond the Vatican over hundreds of millions of people throughout the world and claims a mission that is both immediate yet eternal, temporal yet extra-terrestrial. A summary of the titles of John Paul II indicates the scope of his claims: "Bishop of Rome; Vicar of Jesus Christ; 263rd successor of the Apostle Peter; supreme Pontiff of the Universal Church; Patriarch of the West; Primate of Italy; sovereign of the state of Vatican City; servant of the servants of God."

The modern Church over which John Paul II rules is more complicated than ever before. Inside, the Pope has come under fire both from traditionalists, like Lefebvre, who claim he has made too many concessions to the modern world, and from liberals, who claim that the Church is not concerned enough for the poor. Outside, the Church often is dismissed as an irrelevance. It has a vast treasure house of possessions, yet has been spending almost twice its annual income each year.

Of course, the business of the Vatican is not straightforward. It has to deal with politics, economics and conventional diplomatic relations, but many of its concerns are ecclesiastical involving theology, canon law, scripture, spiritual matters, and the disciplinary problems of keeping together a church of 900m believers, almost 20 per cent of mankind.

It is not easy, even for a Vatican insider, to keep pace with the workings of the government of such a complex multinational church. "I think Saint Machiavelli is the patron around this place," says a bemused non-Italian who has lived in Rome for 20 years. But, often, you also meet genuine other-worldly holiness in the Vatican's corridors of power.

Today, there are about 2,000 officials in the active central Curia of the Church (or one bureaucrat for every 450,000 Roman Catholics). Reputable management consultants have praised the Curia for its efficiency: the American, Peter Drucker, claimed the Curia was one of the three most efficiently-administered bodies in history (the other two being General Motors and the Prussian army). But such a respected body operates in unworldly ways. It has an intricate bureaucratic structure, with a cardinal prefect heading each of the nine congregations and a cardinal president each of the tribunals or councils. There is a governing body of cardinals and bishops for each body, a secretary (normally an archbishop), an under-secretary (usually a monsignor), then a string of lesser officials graded carefully.

Yet, virtually the dirtiest word inside the Vatican is "career," even among monsignori who have spent 20 or 30 years climbing the bureaucratic ladder. "Career" is far too nakedly ambitious. No-one ever admits to applying for a job, not even in the Council for Public Affairs, the Vatican's diplomatic service and the elite of the Curia; no-one ever seeks a higher post. The correct answer to the question of how someone joined the Curia is "My bishop asked me." Once inside, many appointments are made on the basis of a highly-sophisticated old boy network in which it helps to have a powerful patron, but never to brag about it. So-called "internationalisation" is taking place although the Curia still has a majority of Italians.

The recent infusion of nuns and lay people into the Curia has added a new dimension to a still very-priestly civil service. The highest-ranking woman is an English nun, Sister Mary Linscott, who is head of office (a major official of the second class) in the Congregation for Religious. The sister, a Notre Dame nun, was the superior-general of all 2,000 congregations of women religious and their 1m members.

She says, disarmingly, that she joined the Curia because "Pope Paul VI asked me and one doesn't argue with the Pope." According to present Vatican thinking, she is unlikely to rise any higher. Priests there, who say they are not merely guarding their clerical patch jealously, claim that senior posts in the Curia involve jurisdiction, which has to be exercised by a bishop or priest. One monsignor adds: "Lots of lower posts are open to anyone, provided they've got a doctorate in canon law, moral theology or sacred scripture."

Compiling a Who's Who of the power brokers in the Curia is difficult. The *Annuario Pontificio*, the 2,200-page official yearbook of the Holy See, is instructive only partly. After the Pope, it lists the members of the College of Cardinals, the princes of the church, who are entitled to elect a pope if they are under 80. They are distinguished from archbishops and bishops, almost 4,000 of them world-wide, in charge of dioceses and in senior positions in the Curia. Mere small-fry monsignori do not get a listing in their own right unless they qualify as Curia members.

Not all cardinals are equal. The College of Cardinals, now 159-strong (120 are under 80 and thus able to vote in a papal election), is split into those such as George Basil Hume of Westminster, John O'Connor of New York, Jean-Marie Lustiger of Paris and Carlo Maria Martini of Milan who live away from Rome, heading their local churches, and those who are Rome-based. Obviously, each has his own power base.

Of the 40 or so Rome-based cardinals, the pre-eminent is the secretary of state – in effect, the Pope's prime minister – responsible for co-ordinating the work of the Curia as well as being head of the diplomatic service. The present secretary is Cardinal Agostino Casaroli, an Italian and a full-time member of the Curia since 1940. For years, he was buried away as an "archival mouse," but he was thrust into the international limelight when Pope John XXIII gave him the job of executing his new policy of *ostpolitik*.

The cardinal who is held commonly to rank second – some say second only to the Pope himself – is a 61-year-old German, Joseph Ratzinger, formerly Archbishop of Munich and now prefect of the Congregation for the Doctrine of the Faith (the new-fangled name for the Holy Office, once known as the Universal Inquisition). Friends contrast his personal sociability with his hard-line official views although, clearly, his world view has been shaped in comfortable Bavaria and not in the slums of São Paulo.

Of the other leading cardinals, some are important in their own right, others by virtue of their office. Traditionally, the head of the Congregation for the Evangelisation of Peoples (previously called Propaganda) is known as the "Red Pope." He is responsible for dealing with the church in developing countries. The present Red Pope is, like the Pope, a Slav – the tough Jozef Tomko, a 25-year veteran of the Curia.

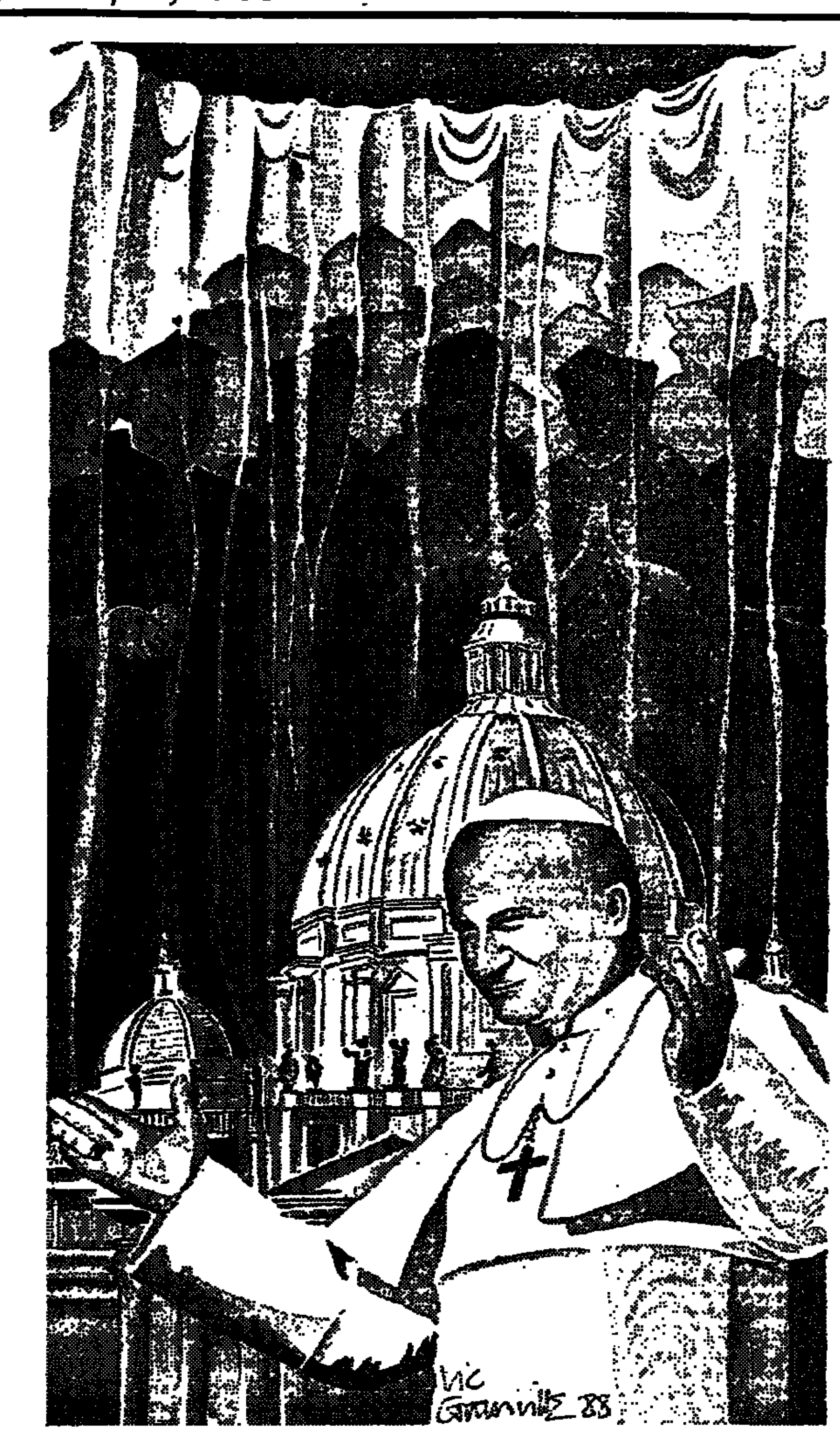
Another influential curial cardinal is Johannes Willebrands, formerly Archbishop of Utrecht and president of the Secretariat of Christian Unity (to be renamed the Council for Christian Unity under the curial reforms) since 1969. Willebrands has been fighting a rearguard battle to safeguard the secretariat – where English, French and German are spoken more often than Italian – against attempts by Ratzinger's Holy Office to bring it under its orthodox hand.

Some other Rome-based cardinals are prominent because of the numbers of congregations and secretariats on which they sit, but this can be misleading. They include the African, Bernard Gantin, from Benin, a mild man without much political weight; and the American, William Wakefield Baum, formerly Archbishop of Washington, although he has no reputation as a mover and shaker, either. The Basque Cardinal Roger Etchegaray, president of the Justice and Peace Commission, won a reputation when Archbishop of Marseilles for "putting the Christian back into Catholic," but hasn't cut much ice in the much tougher world of the Curia.

The twinkling-eyed Argentine, Eduardo Pironio, who denounced injustice in his native country so passionately that he had to flee from right-wing death squads, was once mentioned as a *papabile* (possible pope) but has fallen from favour under John Paul II. These men offer reminders that holiness is not necessarily an asset in Vatican power politics.

The Pope meets the Rome-based department heads regularly but cardinals do not have right of access to him as a matter of course although those such as Ratzinger are powerful enough to bypass the secretariat. In terms of day-to-day access to the Pope, the key figures are not even cardinals. They are the archbishops who are substitute secretary of state (an Australian, Edward "Hopalong" Cassidy), and the secretary of the Council for Public Affairs, Angelo Sodomo. These men have regular daily contacts with the Pope and probably see him even more often than Casaroli.

Some Vatican-watchers say the most influential figure is a lowly monsignor. He is not listed in the official Vatican telephone directory and, in the Annuario, he slips in once only, ranking 48th in the secretariat of state. His name is Monsignor Stanislaw Dziwisz. The name gives the clue. Like his master, he is from Krakow – and he is the Pope's personal secretary.



Under John Paul II, the papal secretary's position is more crucial than ever. There is an expression dating back to medieval times: "*Timeo non Petrum sed secretarium eius* – I do not fear Peter (the Pope), but his secretary scares me." In the days of Paul VI, his secretary, the Irishman John Magee (now Bishop of Cloyne), exercised a great deal of influence; but this was balanced by the Pope's own intimate knowledge of the Curia and by the presence as substitute secretary of state of Archbishop *Giovanni Benelli, a bundle of brusque* dynamism.

"In the days of Paul VI, there was both a back door and a front door to the Pope, and the front door, through Benelli, was the more important," asserts a Roman student of the Curia. "But, these days, the back door under the Polish secretary counts more."

This, and the Pope's own personality, are the clues to why so many Curia members are unhappy with John Paul II. Superficially, the Pope and his bureaucracy have much in common: an ingrained conservatism; suspicion of materialism; antipathy towards liberal views (especially liberation theology); concern that wayward individual Catholic hierarchies do not stray too far from the apron strings of the Vatican-centred Holy Mother Church. As a human being, the Pope is warm and open and offers perhaps the most attractive face of the Church to the outside world.

Curia professionals complain, however, that he is disorganised. Unlike Paul VI, he has no working knowledge of the Curia and this leads some members to feel they are being ignored or forgotten. Even where Pope and bureaucrats share common ground, he sometimes bounces in with his own ideas. For western Europeans, there is the extra problem that while the Pope is an "ideas man" rather than an administrator, those ideas usually are wrapped in the somewhat mystical Slav language.

More trenchant commentators say that the Pope often chooses to use his personal charm – as if he does not trust the Curia. Indeed, one sentence in the July reforms shows his determination to go over the heads of the Curia if necessary. It states: "It is unthinkable that the Roman Curia should hamper or set limits to the relations and personal contacts between bishops and the sovereign pontiff."

Perhaps the only consolation for those hostile to the Pope's policies is that he has not secured a proper grip on the Curia. Ironically, if he had been more efficient, the squeals of anguish from the liberal wing of the Church undoubtedly would have been louder. One monsignor who professes admiration for much of what the Pope is doing describes John Paul II as "a whirlwind of the Holy Spirit determined to blow all over the world. But perhaps it is also through the workings of the Holy Spirit that he is not strong enough to blow every other dissenting view out of the way."

The Long View

The myths of owner occupation

CLIVE WOLMAN

Government policy for the last 35 years has discouraged the rental market. It has also created a whole generation of neurotic home-owners

IF PEACE of mind was a pre-condition for coherent writing, my photograph ought not to be staring at you from this page.

My trouble is that I have taken on – or rather stumbled into – an ultra-long position, several times my net wealth, in the central London housing market. The blame, I am assured, must be placed on the intricacies of arranged marriages on the Indian sub-continent which supposedly led to the break of a link in a complicated house chain.

The syndrome of I am tossing and turning starts after every story suggesting a further interest rate squeeze and a housing slump on the mid-1970s scale.

The only consolation is that everyone else seems to be equally anxious to relate their house-moving traumas. Indeed the mere mention of house moving, house prices, or any of the ancillary subjects such as estate agents, builders and mortgages, is usually enough to ruin a dinner party for at least an hour.

Has government policy of the last 35 years to boost owner occupation created a nation of neurotic, obsessive householders?

Of all the rationales for owner occupation, the claim that it promotes a sophisticated, financially responsible (i.e. non-strike-prone) society is the most spurious. The countries with the highest proportion of owner occupation in the world are, in order, Bangladesh, the Philippines, Thailand, India, Paraguay and Pakistan. The countries with the lowest are Switzerland and West Germany.

If anything, the rush into owner occupation undermines the UK's claim to have developed one of the world's most advanced financial systems, one of the pillars of which should be the efficient diversification of economic risk.

Suppose a large financial institution persuaded several million young customers to borrow from the bank six or seven times their total wealth and invest all the proceeds in a single share. The public reaction would be one of outrage. Yet substitute "piece of real estate" for "share" and that is exactly what the Government, the banks, building societies, insurance companies and almost all other financial advisers have been doing for the last decade.

Their justification, that a house is an inherently less risky asset than a share in, say, a diversified investment trust, is based on an illusion. In real terms, house prices fell by more than 20 per cent between 1973 and 1976 but the fall was disguised, and home owners' debt burdens alleviated by the acceleration of inflation towards 30 per cent.

A second factor helps perpetuate the "safe as houses" myth. Selling pressure on shares translates into immediate price falls. But in the housing market, such pressure tends to lead to a drying up of liquidity. Would-be sellers refuse to cut their prices if that would mean accepting a loss. Instead they abandon their plans to move.

The most serious effect is caused by inter-regional differences in house price movements. The massive windfall gains accruing to home owners in the South East over the last five years have, for the time being, virtually locked out would-be home-owning migrants from the north.

Even in more buoyant housing markets, forcing people to make decisions and take risks on sums of money far larger than anything else in their daily lives imposes unnecessary anxiety and tension. It seems to turn even the most honest, sensitive people into devious, hard bargainers.

Thus although the more tangible costs of buying and selling houses – the fees to estate agents, surveyors, lawyers, and mortgage providers – are large, totalling several billion pounds per year, they represent only the tip of the iceberg. The real costs of the boom in owner occupation must be measured by the psychological pressures and even more important by the consequences of throwing up an obstacle that most people are prepared to surmount only in extreme circumstances. Far too many get stuck in the wrong houses in the wrong regions and, as a result, in the wrong jobs – or in no jobs at all.

Choosing living accomodation will always be complicated. But at least short-lease rentals can be easily ended and without financial risks. However, the collapse of the UK rental sector to only 10 per cent of the housing stock has made suitable rented accomodation almost impossible to find in many areas outside London and outside student towns and districts.

The second dubious argument in favour of owner occupation is that the British inherently prefer the tangible security of owning a home to the alternative of placing the housing stock in the hands of property companies and allowing individual wealth to be held through financial assets. In 1913, 90 per cent of the UK housing stock was occupied through private rental and even by 1950 the proportion had fallen to only 53 per cent.

The conventional wisdom in favour of owner occupation is no more than a product of government policy since the First World War, as reflected in tax changes and by tackling with the blunderbuss of the Rent Acts what is fundamentally a consumer protection problem.

The key fiscal distortion is that when A pays B rental, B has to pay income or corporation tax on the sum and capital gains tax when the property is sold. But if A and B are the same person, i.e. an owner occupier, no tax is due. As Nuffield economist Mr John Muellbauer recently proposed, it would be relatively easy politically to reintroduce in 1990 the income tax on the imputed rental income of owner-occupiers because this would coincide with the ending of rates, the only surviving tax on homes.

Capital gains tax on owner occupation could be phased in over a much longer period, to encourage owner occupiers to sell their homes into the rental sector (if required as a sale-and-leaseback) before the tax was imposed.

CONTENTS

UK MARKETS

LONDON

Trade figures climax a week of utter woe

ANY DEALERS fortunate enough to be holidaying on a remote island out of newspaper, radio or telephone contact would do well to extend their leave. Last week could scarcely have been worse for the London stock market.

It started with particularly low trading volumes, progressed to some truly awful trade figures, encompassed a 50-point slump in the FT-SE 100 share index within hours following another bank rate rise, and then – just to make the misery complete – saw a price war break out among securities houses over dealing spreads.

And while Friday's subsequent slide was more measured, with some analysts far from bearish at these levels, the London market looks an uncomfortable place to be for some while ahead.

The week began in a grim torpor. Equity volume has been bumping down throughout August – not in itself surprising – but, on Monday, SEAQ turnover fell to just 234m shares. This figure includes inter-marketmaker business and compares with daily levels of 700m to 1,000m shares at the height of last year's bull market.

It was the lowest daily trading level seen since the Big Bang, New Year's Eve aside. Against this dead background, Footsie lost 12 points at 1,832.3.

If that was not enough excuse to test England's new drinking laws, under which bars now can open all day, much worse was to come. Concern soon resurfaced on the economic front, with all the over-heating fears to the fore.

Tuesday started the trouble when the latest set of Gross Domestic Product and unemployment figures hit the screens. Both pointed to a continuing rapid growth rate: the output-based GDP statistics suggested an increase of 1.3 per cent between April and June, while long-term unemployment dropped sharply in July. For the first time in five years, the number of people claiming benefit for more than a year stands at under one million.

It is not difficult to imagine circumstances in which such figures would have been greeted with a certain amount of jubilation. Not now. Most analysts had been hoping for a second-quarter GDP figure around the 1 per cent mark; the actuality meant that annual forecasts were pushed up and the market increasingly became certain that interest rates would have to rise by a further half percentage point to choke off the inflationary implications. Footsie sagged another 14.4 points.

That looked positively optimistic two days later. Trade figures have bugged the market consistently for months, but the £2.15bn current account deficit for July, published on Thursday, was little more than a nightmare. The City had braced itself for a £900m to £1bn shortfall but, even in its worst moments, did not imagine the outturn would be double that level.

July's figure, the worst-ever monthly trade deficit, brings the total shortfall so far this year to £8bn. It leaves analysts predicting a full-year deficit of around £14bn - compared with a Budget estimate of £4bn.

Perhaps the only good thing to be said about Thursday's events is that exports remain buoyant – although, unfortunately, nothing like as buoyant as imports, the value of which rose by a further £1bn in July alone.

It takes little imagination to see in this the clearest indication yet of booming domestic demand – in turn, spilling on to industrial investment. So, amid firm assertions that no one was panicking, up went interest rates again, by a full 1 per cent to 12 per cent. And down, of course, went Footsie – by over 50 points, at one stage – although it rallied modestly for a 39-point fall on the day.

On Friday, the mood was somewhat calmer but still worried profoundly. What concerns the more bearish elements is that it is by no means clear what level of interest rates will be necessary to throttle back the economy. As Chancellor Nigel Lawson points out so sagely, these things take some time to work through.

Interest rates started to rise from their low point of 7.5 per cent in mid-May, but much of the initial choking effect doubtless was offset as the Budget tax cuts worked through to salaries and pay packets. Now, the City is simply in the dark. It cannot estimate when a turn might come or if putting base rates at 12 per cent is enough.

Moreover, although the pound remained little changed on Thursday overall, there is a genuine fear that the local uncertainties could spill over to the currency markets. That, in turn, could necessitate further base rate rises to keep sterling steady and prevent another boost to the inflation rate.

In the face of all these uncertainties, it smacks of wishful thinking to look at fundamentals. Nevertheless, it should be said that some of those bullish voices – who began to scent an upswing in the market a mere three weeks ago – are not silenced entirely.

Their arguments are not implausible: the yield gap has reduced further, corporate sentiment still is bullish, the painful action has been taken, the institutions are cash-rich, and the market might have discounted a lot of the bad news. But, it will be a bold investor who deals on any of this.

On that note, the last thing that securities houses needed now was a price war over dealing spreads. It is no secret that average spreads – the difference between best available buying and selling prices – have actually widened beyond their pre-Big Bang levels, nor that creeping attempts to buy increased market share in response to the sadly-diminished volume have been underway for some time.

Last week, however, matters became more bloody with Citicorp Scrimgeour Vickers leading an all-assault, followed by the likes of Phillips & Drew. In contrast to the earlier moves, reduced spreads this time round were offered on a wide range of the most actively-dealt stocks and, in many cases, even for large-volume trades.

The net result was to produce an estimated 40 per cent reduction in dealing spreads on perhaps 100 actively-traded stocks – and promptly rekindle all the grim speculation about which dealing house would be the first to shut up shop.

Thursday's events made the £560m bid on the previous day by the British Coal Pension Funds for the non-specialist investment trust, TR Industrial and General, look a shade less clever. The funds, the £10bn assets of which make them one of Britain's largest institutional investors, have a history of buying equity exposure through this route, and the apparent confidence suggested by the move helped the market to its only marginal gain of the week on Wednesday.

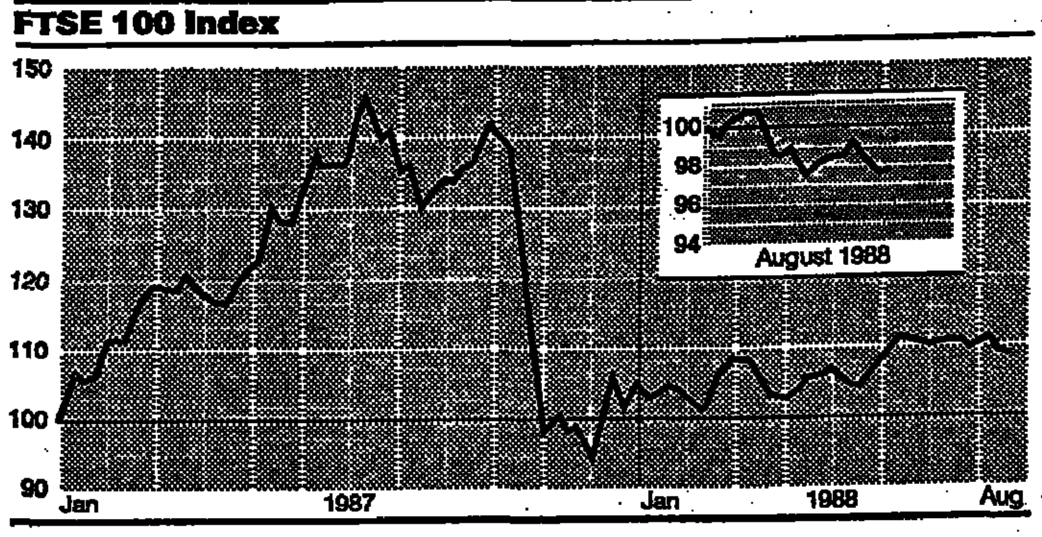
True, the cash offer was pitched at a 7.8 per cent discount to TRIG's underlying asset value and, by Friday lunchtime, Footsie had fallen only 3 per cent since the bid was announced. Still shareholders in the trust must be relieved to have their shares underwritten comfortably.

Perhaps the only people with much reason to smile last week were the negotiators at BAT Industries, the tobacco-based multinational which appears finally to have secured its US bid target, Farmers Group, with a $5.2bn bid – the largest non-oil takeover by a UK company.

In the general slump, BAT's shares eased a mere 2p to 434p on Thursday, and held firm on Friday morning. Praise, indeed.

Nikki Tait

FTSE 100 Index



COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in in pence unless otherwise indicated					
Aranson‡	185*	181	165	23.6	Skandinavisk Hld
Atlantic C'puters	517§§	494	383†	413.42	Brit. & Comm.
Babygro‡	41½	41	65†	4.37	Robt. H. Lowe
Beatson,Clark	375††§	369	288	27.84	TT Group
CASE‡	128	128	93	81.72	Dowty
Camotech‡	125.3††	123	102†	8.77	Boustead
Catalyst Comms.	54§	52½	52	11.81	Holmes&Marchant
Dwek Group	150*	150	131†	33.5	Hillsdown
Ealing Electro	104	105	98	10.94	600 Group
Ellis & Gold‡	144††	141½	138	41.67	Alexon
Falcon Inds.‡	105††	103	89	42.92	Davis Godfrey
Gaynor Group‡	120*	138	120	6.2	Scowcroft Invs.
Hard Rock Intl.‡	132*	130	118	48.65	Pleasurama
Hard Rock A‡	100*	95	89	14.07	Pleasurama
Hoskyns	410*	408	295	164.4	Plessey
Hunter	318§§	307	223	274.51	Wickes
Irish Distillers	Ir400*	Ir402	Ir275	Ir253.0	Grand Met
Lodge Care	151*§	148	151	11.4	Consortium
Marlin (R) Groome	269§§	255	233†	28.63	Waverley Cameron
Moorgate Group	102	108	116†	6.51	Ketson
Newage Trans.	155*	153	123	18.17	Williams Hldgs.
Peachey Prop.	612*§	611	608	265.0	Wereldhave
Pleasurama	240	219	226	521.16	Mecca Leisure
Pleasurama 7% Cnv	224	203	202	131.48	Mecca Leisure
Ruberoid	254††§	254	222	127.26	Raine Inds.
TR Ind. & Gen.	129½*	126½	128	560.53	Brit. Coal Pens.
Trent Hldgs.	184§§	184	182	12.66	Whitecroft
Wayne Kerr	110*	107	100	11.52	Farnell Elect.
Wolstenholme Rink	410††	480	345	25.70	Cookson

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 26/8/88. †At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Eng	April	2,210	(1,540)	-	(-)	3.1	(2.6)
Creighton Lab	March	1,260	(580)	-	(-)	-	(-)
Dunton Group	May	775	(489)	2.9	(1.6)	0.8	(0.5)
Heath Samuel	March	558	(549)	11.8	(11.6)	5.3	(3.3)
Joe Holding	July	247	(177)	1.8	(1.2)	1.0	(0.9)
Norbain Elect	April	10	(11)	-	(1.6)	0.7	(0.7)
Pilco	April	2,020	(1,560)	35.8	(24.9)	8.5	(6.5)
Property Trust	*March	140 L	(906 L)	-	(-)	-	(-)
Rodime	June†	3,110 L	(-)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ADT	June	47,700	(20,600)	-	(-)
Alida Holdings	June	2,350	(2,020)	3.0	(2.5)
Arnotts	July	650	(331)	-	(-)
Barr & Wallace	June	814	(609)	3.5	(3.0)
Cambridge Electronic	June	6,010	(5,000)	2.6	(2.4)
EBC Group	June	1,350	(949)	3.6	(2.2)
Emess	June	4,500	(990)	3.4	(2.8)
Evans Halshaw	June	3,650	(2,410)	3.0	(2.0)
Ex-Lands	June	10	(121)	-	(0.9)
Federated Housing	June	2,820	(1,710)	2.5	(1.7)
James Fisher & Sons	June	1,580	(1,420)	1.9	(1.7)
Frost Group	June	1,440	(1,010)	4.0	(3.0)
Gold & Base Metal	June	45	(31)	-	(-)
Hanson	June†	605,000	(517,000)	-	(-)
Harlons Group	June	2,300	(2,000)	0.6	(0.6)
IoM Steam Packet	June	659 L	(36)	-	(-)
Jourdan Thomas	June	935	(627)	1.5	(1.3)
Ladbroke Group	June	118,200	(55,200)	6.9	(6.0)
Lec Refrigeration	June	1,980	(1,110)	4.0	(4.0)
Life Sciences	June	2,500	(650)	0.5	(0.3)
Marley	June	34,170	(21,868)	2.1	(1.6)
Macdonald Martin	June	805	(347)	6.0	(4.0)
Moorfield Estates	April	232	(168)	-	(-)
Northern Engineering	June	18,500	(14,200)	1.8	(1.6)
OIS Group	June	45 L	(186 L)	-	(-)
Olives Paper Mill	June	32 L	(115)	-	(-)
Palma Group	June	1,000	(719)	1.2	(1.0)
Pennine Optical	April	95	(50)	-	(-)
Pleasurama	June	22,500	(16,300)	2.2	(2.0)
Queens Moat Houses	July	17,230	(9,060)	1.1	(0.9)
Renaissance Holdings	June	244	(-)	1.2	(-)
RKF Group	June	1,530	(222)	1.1	(0.7)
Rockwood Holdings	June	1,110	(306)	0.3	(-)
Scandinavian Bank	June	11,400	(517)	2.8	(2.7)
Scottish Eastern Inv	July	4,930	(3,880)	1.0	(0.8)
Templeton Galbraith	June	12,870	(-)	-	(-)
Victaulic	June	3,660	(3,290)	3.0	(1.7)
Wates City of London	June	24,600	(4,340)	0.8	(0.8)
Weir Group	July	7,840	(6,220)	2.2	(1.2)
Woodchester Inv	June	6,380	(-)	75.0	(60.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss,† = 3rd qtr fig

RIGHTS ISSUES

Creighton Laboratories is to raise £3.1m through a rights issue. J.W.Wassall have launched a seven-for-one rights issue to raise £13.2m.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Fitzwilton plans to raise £25m through a placing of 15m new shares.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Bank of Nova Scotia	Tuesday	-	-	-
Consolidated Plant. Berhad	Tuesday	-	-	-
Davies D.Y.	Wednesday	1.0	3.0	1.0
Highgate & Job Group	Thursday	-	-	-
Polytechnic Electronics	Thursday	-	-	-
INTERIM DIVIDENDS				
American Trust	Wednesday	1.1	2.2	-
Asea AB	Wednesday	-	-	-
Blackwood Hodge	Thursday	0.5	0.6	-
Bredero Properties	Tuesday	1.7	3.3	-
Cadbury Schweppes	Thursday	2.1	5.9	-
Church & Co.	Thursday	3.0	8.5	-
CLF holdings	Wednesday	0.6	1.1	-
Cooper Alan Holdings	Thursday	1.5	3.2	-
Cundell Group	Thursday	-	2.2	-
Dewhirst I.J.	Tuesday	0.3	0.9	-
Edinburgh Fund Managers	Wednesday	2.5	5.5	-
Erith	Wednesday	4.0	2.0	-
Guardian Royal Exchange	Wednesday	15.0	28.0	-
Home Counties Newspapers	Thursday	2.5	5.0	-
Kalon Group	Thursday	-	-	-
Lambert Howarth Group	Thursday	2.5	6.0	-
Macfarlane Group (Clansman)	Wednesday	1.2	2.7	-
Maxwell Communications	Wednesday	6.0	8.0	-
More O' Ferrall	Friday	1.8	5.4	-
Pacific Assets Trust	Wednesday	-	0.7	-
Pearl Group	Wednesday	5.0	7.5	-
Peek	Tuesday	-	0.3	-
Pentland Industries	Wednesday	0.1	0.5	-
Record Holdings	Thursday	-	0.5	-
Ruo Estates Holdings	Friday	3.0	4.0	-
Sharpe & Fisher	Tuesday	1.0	3.0	-
Slough Estates	Wednesday	2.8	4.5	-
Steel Burrill Jones Group	Wednesday	2.7	7.3	-
Telfos Holdings	Tuesday	2.0	3.0	-
Tronoh Mines Malaysia Berhad	Tuesday	-	-	-
Williams Holdings	Tuesday	24.0	4.3	-
WPP Group	Thursday	1.5	4.9	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*							
Deposit account	3.60	3.66	2.93	monthly	1	-	0-7
High interest cheque	6.10	6.27	5.02	monthly	1	1,000-4,999	0
High interest cheque	6.50	6.70	5.36	monthly	1	5,000-9,999	0
High interest cheque	6.90	7.12	5.70	monthly	1	10,000-49,999	0
High interest cheque	7.30	7.55	6.04	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	4.60	4.65	3.72	half-yearly	1	1-250,000	0
High interest access	6.35	6.35	5.08	yearly	1	500 minimum	0
High interest access	6.60	6.60	5.28	yearly	1	2,000 minimum	0
High interest access	7.10	7.10	5.68	yearly	1	5,000 minimum	0
High interest access	7.35	7.35	5.88	yearly	1	10,000 minimum	0
90-day	7.35	7.49	5.99	half yearly	1	500-9,999	90
90-day	7.60	7.74	6.19	half yearly	1	10,000-24,999	90
90-day	8.10	8.26	6.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	7.39	7.65	6.12	monthly	1	2,500 minimum	0
Provincial Bank	8.06	8.39	6.71	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§							
5pc Treasury 1986-89	9.97	8.87	7.89	half yearly	4	-	0
8pc Treasury 1992	10.48	8.38	7.13	half yearly	4	-	0
10.25pc Exchequer 1995	10.38	7.81	6.27	half yearly	4	-	0
3pc Treasury 1990	9.00	8.20	7.73	half yearly	4	-	0
3pc Treasury 1992	8.33	7.49	6.99	half yearly	4	-	0
Index-linked 2pc1992§§	9.10	7.77	7.46	half yearly	2/4	-	0

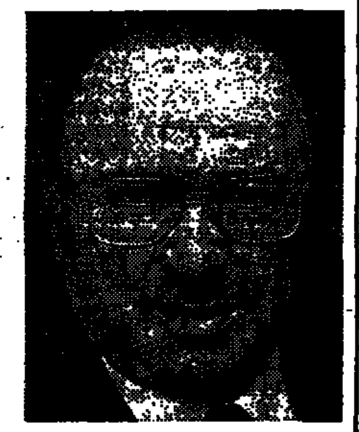
*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Schweppes is sparkling still

CADBURY SCHWEPPES, in which General Cinema, the US group, has an 18.4 per cent stake, is expected to maintain the sparkle in its results with analysts looking for more than £80m for the six months to end-June compared with £63.6m in the same period last year.

The confectionery and fizzy drinks group – which this week received US regulatory approval for its licensing deal with Hershey – is not expected to show any dramatic gains in US operating profits because of heavy investment in marketing, particularly on the Peter Paul brands.

However, operating profits are expected to have improved significantly in Australia – with a first-time contribution from Red Tulip – and South Africa. Margins in the UK joint soft drinks venture with Coca-Cola should have improved, too, although not all the teething problems have been resolved.



Larry Adler...sitting on 6.46 per cent of the Pearl Group

□ With 40 per cent of its premiums coming from the UK, GUARDIAN ROYAL EXCHANGE, the composite insurer, is well-placed to benefit from the dramatic improvement the sector has made in its home territory. Warburg Securities expects GRE's chief executive, Peter Dugdale, to report on Wednesday that interim pre-tax profits are up 34 per cent at £110m. In part, that reflects a mild winter, rising household contents insurance prices, and relatively stable claims frequency on the group's UK motor business.

GRE has only a small US exposure, so commentators will focus on what Dugdale says about the UK – where the present level of profitability is triggering price-cutting by some players in the fire insurance market.

□ Half-time results for life assurance companies often are merely academic: you have to wait for the actuarial valuation at the year-end before really getting to the heart of the matter. But Australian corporate raider Larry Adler is sitting on 6.46 per cent of the PEARL GROUP and that makes its interim figures this Wednesday more intriguing.

Pearl's weakness over the past decade has been that the conduit for almost all its sales is its large but old-fashioned home service field force. But the buoyant life and pensions market in 1987-88, and a lot of re-organisation, enabled it to boost new business 12.5 per cent in the six months to June 30.

Pearl's hidden strength, however, is its history of conservative actuarial policies which have left it with huge inner reserves. Analysts at CL-Alexanders Laing & Cruickshank expect net interim profits of £20.4m, up from £15.1m last year, and a 15 per cent dividend increase.

□ PENTLAND'S interim results on Wednesday follow hard on the heels of those of Reebok, the sports shoe company in which Pentland holds a 32 per cent stake. Reebok, which has been plagued recently by production problems, currency movements and increased raw material and labour costs, mustered a 15 per cent rise in net income to $93.2m. This result, combined with the strength of the pound, will have a key effect on Pentland's profits since Reebok accounts for three-quarters of Pentland's earnings.

Analysts are expecting pre-tax profits of £38.5m for the six months to June, which compares with the £39.67m figure announced this time last year (although Pentland will adjust this downwards by using last December's exchange rates).

□ WILLIAMS HOLDING, the acquisitive conglomerate, is expected to post pre-tax profits close to £50m when it reports its interim results for the first six months of the year on Tuesday. That compares with the £18.1m announced last year – although any comparison is distorted by acquisitions, most notably the £133m purchase of the Berger paints company in December. The key question for analysts is what progress has been made in bedding down Berger - and what benefits from rationalisation have yet to come. Overall, Williams is expected to be in confident mood.

□ Martin Sorrell's audacious acquisition of the Madison Avenue-based advertising giant JWT a year ago will be responsible for a massive hike in WPP's pre-tax profits for the first six months of the year. The results, to be unveiled on Thursday, will show an increase from £3.3m to about £15m – the bulk of which will be contributed by JWT.

Martin Sorrell of WPP

Companies Staff

JUNIOR MARKETS

Sprays are here to stay

IT HAS BEEN tough, being a leading light in the British Aerosol Manufacturers Association during this summer of endless discussion of the "greenhouse effect" and the ozone layer. You might think it would be even tougher trying to persuade investors to buy up to £5m worth of shares in the embattled industry. But Tony Wardell, treasurer of the BAMA and managing director of aerosol-manufacturer Swallowfield, is unruffled.

"The market for aerosols in the UK, now worth more than £800m, is not just going to go away; and Swallowfield – along with the rest of the industry – has faced the environmental issue fair and square," he says.

So, although the precaution of changing its name from Aerosol International has been thought in order, Swallowfield should soon be winging its way confidently on to the Unlisted Securities Market. The placing, before the end of October at the latest, is being arranged by County NatWest.

Wardell points out that while most British producers have agreed to cut the proportion of allegedly-harmful chlorofluorocarbons (CFCs) as propellants in their products to 10 per cent by the end of next year – way ahead of the 10-year phase-out pledged by the European Community – Swallowfield has moved faster and will stop using CFCs by the end of this year.

This does not mean that the CFC issue presents no problems at all. Aerosol manufacturers still have to adjust to using other propellants, and increasingly-worried consumers still have to be educated. When the US authorities placed a total ban on CFCs in 1978, the market shrank by a third.

Wardell, however, sees no signs of such disruptions in the UK market. Companies such as Swallowfield have been using hydrocarbons, either in mixed or sole formulations, for the past 10 years and UK producers have been able to take advantage of break-throughs by American producers in non-spray anti-perspirants.

Swallowfield signed agreements this spring with a US manufacturer and component supplier which should enable it to move into the stick, as opposed to spray, anti-perspirant market next year; and it also has been investing heavily in new forms of propellants using hydrocarbons.

Nevertheless, Wardell still is looking for a setback of sorts in the British aerosol market since he believes it is due for a slow-down – regardless of CFCs – because it has been growing at about 9 per cent for the past three years.

Swallowfield, which emerged in a £3.5m management buyout from Cadbury-Schweppes 2½ years ago, has outpaced the overall growth in the market. In the year to end-December last year, its sales rose 14.2 per cent to 29.4m units producing after-tax profits of £905,000, up from £519,000 in the previous year.

The Somerset-based company, which has risen to a position where it now accounts for about 30 per cent of the UK contract filling market, is coming to the USM for two main reasons, Wardell says. It needs to expand its output to maintain its position and wants also to expand its product range.

Wardell adds that the marketing and design skills Swallowfield has built up to cater for smaller customers provide a sound base for the company's planned diversification into personal care products of a non-aerosol nature.

Elsewhere this week, while Jaguar's dismal results rocked the main market, the USM's automative sector saw its own drama with Tuesday's announcement of the departure of two directors from March Group, the troubled racing car manufacturer.

John Cowan, brought in as chairman earlier this month in a company doctor role after March announced interim pre-tax profits 86 per cent lower at £113,000, indicated yesterday that more developments are to be expected in the autumn. "I have nothing to say yet but there will be some announcements in a few weeks' time," he said.

Cowan is expected to apply much tighter management control to the company, which seems to have suffered from the diversion of management attention caused by its successful re-entry into Formula One racing last year. In addition, it has faced increased competition in its core business, making cars for the Indianapolis 500 and other grand prix-style races in the US. And March's move into engineering consultancy does not seem to have made much progress.

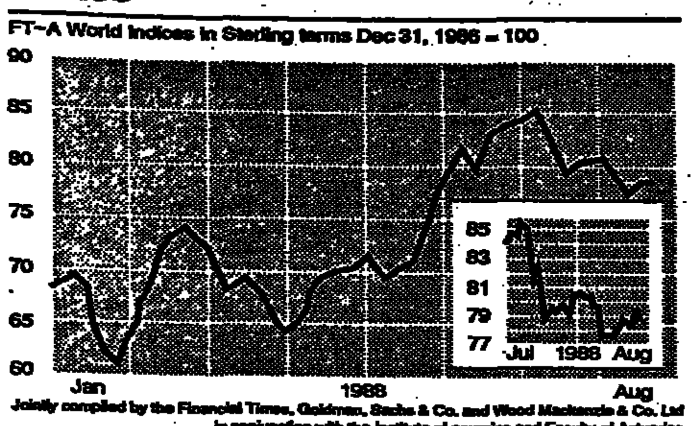
Nevertheless, followers of the company claim there is no need for panic over the fate of March, still a prestige name in racing car circles. At the least, it is underpinned by the enthusiasm of Japanese businessman Akira Akagi, who has injected £4m for a 20 per cent stake.

Clare Pearson

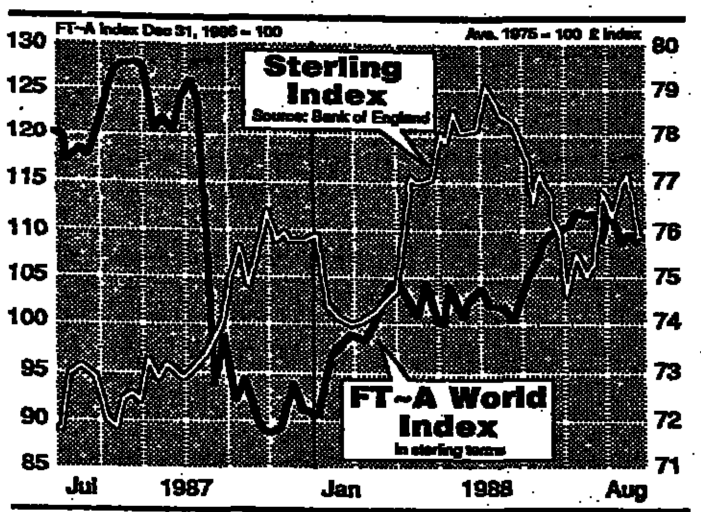
WORLD MARKETS

France

FT~A World Indices in Sterling terms Dec 31, 1986 = 100



Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. Ltd in conjunction with the Institute of Actuaries and Faculty of Actuaries



FRANCE

Old ploy founders again

THE LAST TIME France tried its hand at going it alone, in 1981, it held out for over a year before caving in to the imperatives of international economics by abandoning its expansionary policies. This time, Pierre Beregovoy, the Finance Minister, had donned the armour of sound money orthodoxy but, once again, it has proved impossible to ride in the opposite direction to the West German Bundesbank.

No sooner had Beregovoy embarked for the South Pacific territory of New Caledonia, in the company of Prime Minister Michel Rocard, than the Bank of France announced it was raising its intervention rates by 25 basis points. The Paris financial markets, at first suspicious of the Finance Minister's determination to lower French interest rates while everyone else was raising them, had come eventually to believe it could be done and were surprised by the bank's decision.

The same French financial commentators who, only three months ago, were castigating Beregovoy for his imprudence in lowering interest rates so soon after an election, when by *tradition* he *should* have been raising them or devaluing the franc, yesterday turned their guns on other targets – principally the Bundesbank, attacked widely for irresponsible parochialism. But, as Lord Keynes observed, it is not enough to be right if the rest of the market thinks differently.

The rise in central bank interest rates across Europe on Thursday shook the equity market, which was just settling into a new account period. Market indices fell by nearly 2 per cent before climbing back to end the day a little over 1 per cent lower. But there were further substantial falls in early dealing on Friday although some ground was recovered later.

The banking sector saw active trading with Societe Generale, the commercial bank privatised a year ago, the most heavily dealt. Its shares, which had just climbed back to the offer price on their flotation, dropped FFr22 on Thursday to FFr395, with around FFr240m changing hands. Other privatised banks such as Suez, Paribas and Credit Commercial de France, also were traded actively.

The rise in central bank intervention rates was scarcely what the French banking sector needed. Commercial banks have just lowered their prime rates by 0.35 percentage points to 9.25 per cent, their first move in two years (although money market rates have waltzed all over the place in that period), and they will come under strong pressure from the Finance Ministry not to raise them again in response to the latest central bank move. Beregovoy remains as determined as ever to reduce the cost of borrowing.

On top of that, the banks are once again in the firing line as robbers of the poor and despoilers of the consumer. The Supreme Court has ruled that bank overdrafts are covered by the usual French rules on usury and interest rates and consequently, in the absence of a specific agreement, should be charged at the "legal rate" of 9.5 per cent rather than the 16 to 18 per cent usually levied.

The French banks' association estimated the ruling could cover a total FFr5bn to FFr6bn of over-payments in the past three years, but the banks have no intention of paying back their customers. Dominique Chatillon, the association's chairman, said the ruling constituted an about-turn in jurisprudence, so there could be no claim for repayment of interest rates which were legal at the time they were charged.

The rise in interest rates, at all events, provided a change from the steady routine of take-over speculation that has offered the Paris stock exchange its only bouts of activity this year. Equity market volume is down 29 per cent in the first seven months, to an average of only FFr1.47bn a day. July's statistics show a somewhat less-gloomy picture, with volume down only 18 per cent to an average of FFr1.76bn a day.

Take away Moet Hennessy-Louis Vuitton LVMH, however, and the picture is different. The family squabbles which ended in Bernard Arnault, of Financiere Agache, and UK drinks group Guinness taking a stake of nearly 30 per cent in LVMH, accounted for 17.5 per cent of total turnover in the main monthly settlement market for July. Without LVMH, volume was down 37 per cent from July 1987.

The slight flurry around drinks group Pernod-Ricard, the management of which appears to have had a hard time getting its act together after returning from summer holidays, is unlikely to provide as much activity this month. Market sentiment is still divided over whether to mark down Pernod because it might bid against Grand Metropolitan for Irish Distillers, or to mark it up because it might itself be a bid target.

Hit particularly hard by the decline of dealing interest since last October's stock market crash is the second market, where volume in the first seven months of the year fell 47 per cent from the same period a year earlier to an average of only FFr134,000 a day. But the slight surge in activity following the announcement that French interest rates would rise provided a helpful boost to Paris's two fledgling stock index futures markets – the CAC40 and the OMF50.

The rivals are now both up and running, although as yet they are restricted to banks and stockbrokers. Official approval, which would allow end-investors to take part, is expected simultaneously for the two markets in October. It will not be until the Sicavs, or unit trusts, are allowed to trade that it will be possible to judge clearly which one has the edge.

The CAC40, trading initially on the kerb of the Matif, the official financial futures marketplace, has begun strongly with a total of 5,465 contracts, each worth around FFr200,000, dealt in its first five trading days. However, the OMF50, backed by a group of French banks, has started more gently although its organisers are pleased with the depth of the market and the smooth functioning of its systems. They have already announced the launch next month of an option on the index, stealing a march on their rivals.

Professional fund managers are still cautious, though. Initial preferences appear to go to the CAC40, which appears likely to become the most widely-recognised official index and which promises to be more volatile since, unlike the OMF50, it includes the equities that serve as the base for traded options.

George Graham

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from July 1st 1988	£ Sterling % change since Dec. 31st 1987
Australia	+9.8	+60.7
Austria	+1.1	-4.9
Belgium	-5.3	+19.8
Canada	-7.0	+17.4
Denmark	-5.3	+17.0
FRANCE	-6.1	+16.0
W Germany	-1.9	+6.5
Hong Kong	-4.9	+27.3
Ireland	-3.2	+37.4
Italy	+0.6	+2.5
Japan	+2.0	+27.1
Malaysia	-7.8	+39.4
Mexico	-11.0	+56.4
Netherlands	-2.6	+10.7
New Zealand	+1.4	+12.9
Norway	-10.4	+18.9
Singapore	-1.8	+39.9
S Africa	-2.9	-4.9
Spain	-4.3	+20.4
Sweden	-3.7	+25.5
Switzerland	-4.4	+0.4
UK	-3.8	+5.5
USA	-4.4	+16.5
Europe	-3.5	+7.9
Europe Ex.UK	-3.3	+10.1

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WALL STREET

The difference a year makes

TO BROKERS or investors eking out the next dollar of commission or profits, Thursday's first anniversary of the market top must have seemed as remote and unreal as a crock of gold at the end of a rainbow.

Long gone are the days people bought stocks feverishly – any old stocks – just because the market was supposed to rise on a ceaseless tide of liquidity. On August 25 last year, a close of 2,722.42 for the Dow Jones Industrial Average was clocked blithely as just another ho-hum record in equities' five-year bull run.

A further 10 days of phoney peace prevailed before the Federal Reserve raised the discount rate on September 4 and the market started to crack. In psychological terms, the real anniversary, will be October 19, Wall Street's blackest day. Panicky investors, abetted by dangerously-flawed market systems, slashed share prices to bits. The Dow closed at 1,738.14, down 36 per cent from its peak eight weeks earlier.

Since then, Wall Street's efforts to rebuild investor confidence – and less-enthusiastic attempts to reform its markets – have brought only slender payoffs. The Dow is trapped in a trading range of 1,900 to 2,200 with no prospect of early escape. Friday's level of just over 2,000 represents a 10 per cent rise from the traumatic October bottom, but a 26 per cent fall from August's heady high.

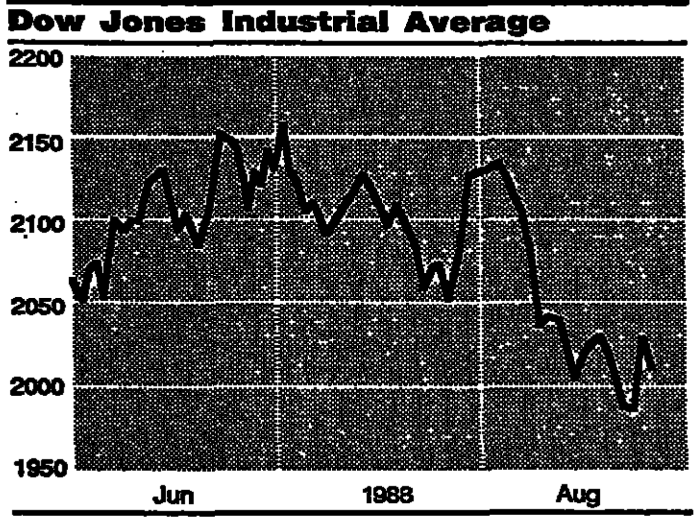
Robbed of easy profits in a rising market, most investors have returned to traditional methods of valuation and selection. Once again, the talk is of price/earning ratios and price/book values and of dividend yields. Blue chips have fallen from last August's peak p/e of 22 and a price/book of 2.75 to eminently-justifiable figures of 14 and 2.2 (although the latter has been inflated by accounting changes compared with an historic average of 1.6).

Gone, too, are the fears of a replay of 1929-30 when stocks enjoyed a brief recovery from the last crash but one before starting (on April 16, 1930) a steep, two-year slide into the Great Depression. If history was to repeat itself, the pivotal day would have fallen on April 28 this year. It passed unnoticed with stocks stable and the economy avoiding, for now, a recession. Stock charts then and now have broken their chilling lock-step.

Yet, the magic is still missing. Many investors, large and small, continue to nurse deep apprehensions and are reluctant to commit themselves fully to the market. Volume on the New York Stock Exchange has slumped from a daily average of 193.5m shares last August to 152m so far this month.

Worse, about 22 per cent of present volume comes from strategies such as dividend capture and programme trading. Divorced from the intrinsic value of shares and executed mechanically, they offer brokers no chance to make a dollar in investment advice or commissions. Some 15,000 Wall Streeters have lost their jobs since October's crash.

Dow Jones Industrial Average



Certain trading techniques also are sapping the market's strength. Many more stock purchases now are hedged with options allowing the investor to sell either the stock or the option when a small profit has accumulated. The sales create selling pressure which can sour investors' moods rapidly.

"Traditional investors do not seem to be buying and selling a lot of stock these days," Salomon Brothers said in a market commentary earlier this week. "For a widening universe of portfolio managers, the equity market has increasingly become a commodity used to fulfil arbitrage, asset allocation or hedging strategies. The growing popularity of these techniques has made value investors more uncomfortable and the stock market less fun than it used to be."

By buying futures instruments such as the contract on the Standard & Poor's 500 stock index, portfolio managers are betting on the broad market rather than individual stocks. It is a quicker and cheaper way for them to allocate more assets to stocks than picking separate issues painstakingly.

Grouping stocks as if they were baskets of commodities for hedging, asset allocation and other trading strategies creates "waves of buying and selling that are unrelated to company-specific fundamentals," Salomon Brothers said.

The growing volume in S&P 500 contracts has had a marked effect on the stocks that make up the index. High demand for them means they typically command higher prices than similar stocks outside the index. Thus, Salomon warns, it is inadvisable for investors to chose non-index stocks, particularly those with small capitalisations, because they probably will underperform the market.

With a growing number of sophisticated investors using these skills and techniques to profit safely from short-term movements in the equity market, Wall Street is going to have to wait a long time for the return of the old rip-roaring days when the markets were a public playground.

Monday	1990.22	– 25.78
Tuesday	1989.33	– 00.89
Wednesday	2026.67	+ 37.34
Thursday	2010.85	– 15.82

Roderick Oram

Company Notices

SOCIETE CONCESSIONNAIRE FRANCAISE POUR LA CONSTRUCTION ET L'EXPLOITATION DU TUNNEL ROUTIER SOUS LE MONT-BLANC

FRF 450,000,000

FLOATING RATE NOTES 1987-1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 26th August, 1988 to 27th November, 1988 has been fixed at 8.125 per cent per annum.

On 28th November, 1988 interest of FRF 212.15 per FRF 10,000 nominal amount of the Notes, and interest of FRF 2,121.53 per FRF 100,000 nominal amount of the Notes will be due against Coupon No.5.

Notices to holders, including notices relating to the quarterly determination of interest rates, will be published only in "L'Agence Economique et Financiere" (Paris) and in "The Financial Times" (London)

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

CORRECTION NOTICE
The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe
ECU 30,000,000 13¼%
1982-1992

Reference being made to the publication dated August 25, 1988, this is to notify the holders of the above mentioned issue, that the bonds drawn in the annual redemption instalment due October 1st, 1988, bear the numbers comprised between 27251 and 30000 (instead of 27951 and 30000) and between 1 and 2250, these numbers inclusive.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

FISCAL AGENT

LUXEMBOURG, AUGUST 27, 1988.

FIDELITY DISCOVERY FUND
Société d'Investissement à Capital Variable
Luxembourg, 13 Boulevard de la Foire
R.C. Luxembourg B 22.250

DIVIDEND NOTICE

At the Annual General Meeting held on August 25, 1988 it was decided to pay a dividend of US $ 0.07 (seven cents) per share on/or after September 27, 1988 to shareholders of record on September 7, 1988 and to holders of bearer shares upon presentation of coupon No 4.

Paying Agents:
FIDELITY INTERNATIONAL (C.I.) LIMITED
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Obituaries

David Lancaster Welton MBE, For over 25 years Commercial Attaché at the British Embassy, in Bern died in Bern 22nd August.

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Melanie Cable-Alexander on travel insurance

The trial of a lady-in-waiting

MARIA MAHONEY, a young traveller, sits in Gatwick Airport's departure lounge. It is 11am and she is about to begin her one-week holiday in Palma. Her flight is due to leave in an hour.

Ten hours later she is still waiting. She is told that her plane will not take off until the following morning. So many people are delayed that all the hotel rooms are full. She is obliged to spend the night hunched on a seat in the lounge, surrounded by screaming children, distraught parents and assorted drunks.

At 1pm the following day – 26 hours after she should have taken off – a crumpled and exhausted Maria boards her plane, having missed one night and half a day of her summer break.

As airways become increasingly overcrowded and the threat of strikes adds to the misery, Maria's story is a familiar one. However, delays are an insurable risk.

Delay clauses, introduced in the last ten years, are only a small part of standard travel insurance – the big claims involve accidents and loss of baggage or money – but they are becoming increasingly important to travellers.

All travel agents regulated by the Association of British Travel Agents (ABTA) insist that their clients take out a comprehensive insurance policy when booking a holiday. Each agent will offer its own insurance, arranged by a broker, which it will prefer you to buy.

Delays are covered automatically by all policies. There are, however, two exceptions: insurance arranged through a credit card booking of a holiday, and the Automobile Association's own travel insurance policy.

Credit card companies arrange free travel insurance for anyone who has paid for a trip with their card. However, this only provides medical cover up to £50,000. If you want delay protection you must take out additional insurance, which can be arranged through the bank that deals with your credit card. American Express, however, has a form of delay coverage. If a cardholder's journey is delayed by more than four hours the company will meet expenses of up to £100 on a green card and up to £200 on a gold card (this could cover hotel bills or refreshments costs). This is intended to be an added benefit to cardholders, not a direct compensation for delay.

The AA has an optional delay clause. If cover is required, an additional premium of approximately £1.40 per person is added to its standard travel cover, which for a two-week trip to Europe costs £16.70 per person.

On standard insurance arranged through a travel agent you can claim up to £60 for delays on your outward or return journey, but a few tour operators, including Intasun and Enterprise, set the maximum at £55. However, you must have been delayed for at least 12 hours; after the first 12-hour delay you can claim £20 (£15 in the case of Intasun and Enterprise) and £10 for each subsequent 12-hour delay, up to the total of £60.

However, there are complications. Few insurance policies will cover you for all types of delay; most stipulate that a delay must have been caused by mechanical breakdown, bad weather or a strike.

To claim you need a letter from the airline you travelled with to prove that you were delayed and, more importantly, to specify the causes.

Airlines say that most of the delays seen at Britain's airports this summer have been caused by "reactionary air traffic control delay." This refers to a policy of flow control set up by the Civil Aviation Authority (CAA) and its European counterparts in March this year in response to a spate of near-misses in the air. A plane cannot take off unless free landing space has been arranged at its destination.

This suggests that most travellers caught up in the recent delays cannot make a successful claim. However, according to the Consumers Association, it can be argued that the delays were caused by the "knock-on" effect of the Greek air traffic controllers' strike a month ago, in which case compensation could be claimed.

The Greek strike interrupted all flight schedules and airports found it difficult to catch up because of the new flow-control policy, particularly on charter flights, where schedules are tightly packed.

Even the insurance companies are confused. It is important to bear this in mind if you decide to cancel your holiday because of the frustration caused by the delays – you could lose the entire cost of your trip.

All standard travel insurance policies include a cancellation clause which stipulates that if you are delayed by more than 12 hours, you are entitled to claim the full cost of the holiday – but once again only if the delay was caused by mechanical breakdown, bad weather or a strike.

If the insurance companies decide that the recent delays were caused by the CAA flow-control policy and not the Greek dispute, then your claim would be rejected. You also cannot claim if your policy was taken out during the time of a strike. This also applies to compensation for delays.

Some tour operators are so frightened of losing their customers that they have resorted to what are known as "unwritten claim rules" – in which full compensation has been given to people who finally lost patience with the flight delays.

One couple complained so loudly recently about the interruption to their holiday that they were awarded the full cost of their trip.

However, this is not something all insurance companies would consider. As one tour operator said: "It would be absurd to ask for compensation for every delay you encounter. It's like asking British Rail to give you a handout for every time a train is late – they'd go broke."

The long, long wait

Richard Waters reports on a fund to protect investors

Testing times for regulators

IF YOU ARE a client of one of 2,000 particular investment firms, you face a tough decision this weekend. A new compensation fund, set up under the provisions of the Financial Services Act, comes into force to protect investors. But you are not covered by it. So should you switch to another investment firm, putting yourself under the protective umbrella of the fund, or stick with your existing firm regardless?

The 2,000 firms are those which have "interim authorisation" under the new investor protection regime. This means that they have not yet jumped through all the hoops of the authorisation process to the satisfaction of the regulators, and so have not earned the right to be covered by the compensation fund.

Unfortunately, most of the hapless clients of the 2,000 interim-authorised firms don't even know about the possible danger yet. It is only from today that the law forces firms to show this information on their letterheads if they fall into this category. Now they must show which of the City's self-regulatory bodies they have applied to, but do not need to identify themselves specifically as interim-authorised.

Worried investors should telephone the Securities and Investments Board, which is willing to tell callers whether firms it deals with have interim status, though it does not publish a full list of all firms in this category. The SIB can be contacted on 01-283-2474.

The significance of the compensation fund was thrown into sharp relief last week when West Midland Police charged the managing director of a Birmingham-based firm, Jonathan Charles Investments, with theft of £92,000 of his clients' money. Charges are likely to be brought for thefts totalling £500,000, the police said. The firm had interim authorisation only: therefore its clients would not have qualified for compensation under the fund, had it been in operation at the time.

"There are going to be an increasing number of relatively small firms like this with a surprisingly large amount of money at stake," warned one of the regulatory bodies involved in investigating Jonathan Charles.

But is it worth breaking an established relationship with an investment manager, stockbroker or other firm simply to gain a right to this compensation, in the event of something going wrong? Much will depend on your own view of the firm, but there are a number of factors to be borne in mind.

One is that many of the interim authorised firms are likely to fail to make the grade, and so will have to close down. Take the firms which have applied for authorisation from the Financial Intermediaries Managers and Brokers Regulatory Association, which regulates thousands of small investment advisers and brokers.

Fimbra says it has yet to authorise about 1,500 firms, and that a lot of these are simply not responding to requests for information. Some 400 have been told that they will be struck off in 14 days if they do not reply. It seems highly unlikely that firms which have been so lax in responding to the regulators will ever meet the exacting standards of the new regime – and anyway, would you want to deal with firms like these?

The 1,500 firms cannot blame their lack of full authorisation on a backlog of applications at Fimbra. Their applications were submitted by the February deadline. A further 80 firms who submitted their applications after this date, and so were at the back of the queue, have already been authorised. This means that the 1,500 have been unable or slow to do all that is demanded of them – though Fimbra points out that in some cases accountants or people supplying references have held up the process. The first course of action for investors should be to seek explanations from firms they use as to why they have interim authorisation.

There is a second category of interim-authorised firms which is more worrying. These are the 150 firms whose applications Fimbra has actually rejected. Amazingly, some of them may remain in business past the end of this year, and their clients will be none the wiser. This unsatisfactory state of affairs is a result of an over-generous appeals procedure. Fimbra expects appeals from around 40 firms. Clients will not be told which firms are appealing against a rejection.

The other four self-regulatory bodies in the City have smaller numbers of interim-authorised firms. As with Fimbra hopefuls, interim status may or may not give investors grounds for misgivings.

■ Investment Managers Regulatory Organisation. The 170 invetment management firms awaiting full authorisation fall into three groups. The first covers branches of overseas institutions. They have passed the regulatory tests, but are awaiting agreement between the Securities and Investments Board and foreign regulators on what should be required of them in the UK. The second are the theatrical entrepreneurs, or "angels", who put together finance for shows. They are trying to find a way to have their activities classified as something other than "collective investment schemes", so removing the need to be regulated. The third type are the 20-odd firms which have yet to supply full information to the regulators. Of six firms rejected, at least one appeal is expected.

■ The Securities Association. 271 stockbrokers or other securities firms have yet to pass the test, 210 of them branches of overseas institutions. TSA says it has no backlog, implying that the other 61 have so far failed to come up to scratch.

■ Association of Futures Brokers and Dealers. Some 134 futures and commodities firms are interim authorised. The AFBD has already made public the names of a number of firms it has rejected, making it the only body to follow this route.

■ Life Assurance and Unit Trust Regulatory Organisation. There are no interim-authorised life insurance companies or unit trust managers, because of a technicality concerned with the timing of Lautro's recognition earlier this year as a self-regulatory body. All firms are fully authorised, or are forbidden to carry out any business at all. The longer a firm carries interim authorisation, the more likely it is that it is having serious problems with its application.

What happens to the clients of a firm which is refused authorisation? If it stops trading, winds itself up and does not have a deficiency on its assets, they will get all their money back. But those are a lot of "ifs".

Alternatively, the regulators have a number of options for forcing firms into liquidation or preventing them trading illegally. They also say that they will do everything they can to cushion the blow for clients: but there is little they can do to insist, for instance, that a firm closing down transfers its business to one that has full authorisation, ensuring a smooth transition for clients. It is a problem that will be exercising the minds of all regulators in the coming months.

EXPATRIATES

A sting in the tail

A MAJOR deficiency of the Securities and Investment Board's new compensation scheme for investors is that it threatens to put expatriates at a severe disadvantage.

The scheme, which comes into force today as part of the UK's recently enacted financial services legislation, provides for compensation to be paid to clients of authorised financial advisers and institutions (other than insurance companies and building societies who have their own schemes) in the event of default. Compensation is available up to a maximum of £48,000 for a single loss in respect of business transacted on or after today.

So far so good. The sting in the tail for expatriates arises from an anomaly over the location of the place where business has been transacted.

Let's look at the position of Mr Client and his adviser, Mr Finance. Mr Client is a 50-year old British businessman who lives and works in Singapore. Mr Finance is a properly authorised intermediary operating from offices in the City of London.

Suppose Mr Finance advises Mr Client to invest £40,000 in the Whizz-Bang Recovery Unit Trust. The advice is given in writing from Mr Finance's London office and although Mr Client signs the application form for Whizz-Bang units at his golf club in Singapore, the business is deemed to have been transacted in the UK.

Subsequently, it transpires that Mr Client's £40,000 never reached the managers of the Whizz-Bang Recovery Unit Trust. Instead, Mr Finance kept the money for himself, along with money from many other clients, and has now disappeared, leaving behind a trail of angry and bewildered investors.

But help is at hand in the form of the new statutory compensation scheme which is triggered automatically in such a situation. The scheme provides 100 per cent compensation for the first £30,000 loss plus 90 percent for the next £20,000, up to a maximum of £48,000.

In the Whizz-Bang case, Mr Client would be entitled to compensation of £39,000, comprising 100 per cent of £30,000 plus 90 per cent of £10,000. Mr Client of Singapore would be in no different a position from Mr Stayhome of Tunbridge Wells.

Let's change the scenario slightly so that now Mr Adviser jets out to Singapore to advise Mr Client and the business is actually transacted in the Far East. Everything else remains the same but because of the change concerning business location, Mr Client has no protection at all.

It follows that he will not be able to look to the SIB for any compensation for his lost £40,000. Instead, he will have to fall back on whatever protection is provided by local laws.

This latest interpretation of how the compensation scheme will work marks a major dilution of protection rights for expatriates and runs counter to what the SIB itself was saying only six months ago.

Earlier this year the SIB's view was that UK authorised financial advisers who travel overseas to visit clients would be subject to the provisions of the Financial Services Act. It now appears that expatriates lose the protection of the Act as soon as their adviser leaves British soil.

The SIB concedes that its new interpretation will give rise to legal wrangles, but appears content to allow uncertainties over the transaction location of letters, faxed messages and telephone conversations, to be resolved by the courts.

It is surprising that the SIB seems happy to preside over such an unsatisfactory structure. Until it is altered, as it surely must be, expatriates are advised not to sign on the dotted line when their financial adviser comes to visit them or meets up with them at one of the many money shows which now take place in different parts of the world.

Instead, expatriates should insist that their adviser sends them any forms to sign from his UK base. In this way they are protected.

One of the few silver linings for expatriates is that if they invest money with a UK-based fund management company, they will be entitled to draw on the compensation scheme in the event of default by the company. Unfortunately, a harsher régime applies if money is invested with a non-UK fund management group which defaults. This situation may improve in some territories, such as the Channel Islands, assuming they install legislation regarded by the UK authorities as being equivalent to the Financial Services Act.

Meanwhile, if a UK financial adviser recommends an investment with a non-UK company, the investor's only remedy, in the event of default, is to sue the adviser for negligence in anticipation of forcing the adviser into liquidation. This would then trigger the compensation scheme for claims against the adviser.

Because the scheme operates only in respect of businesstransacted on or after today, legal action against advisers will not trigger the compensation scheme for investors in Barlow Clowes operations either in the UK or in Gibraltar.

Peter Gartland

Nikki Tait looks at the largest investment trust bid

A fondness for trusts

A FEW MONTHS ago, the august Society of Investment Analysts arranged a debate under the chilling title "Have Investment Trusts a Future?" Speaking eloquently for the defence was David Prosser, until recently head of of the British Coal pension funds' investment department.

Prosser now has moved to Legal & General. But the coal men's fondness for the £20bn investment trust sector – a sharp contrast to the prevailing attitude among many big insurance company investors – clearly is undimmed. On Wednesday, the £10bn funds launched the largest bid ever seen in the investment trust sector: a £560m offer for the TR Industrial & General Trust (Trig).

Expressed crudely, the BC funds' reasoning – which small investors might do well to note – is that trusts offer an advantageous route into equity markets. This is because shares in trusts usually trade at a discount to the underlying value of their assets. Moreover, not only do you, for practical purposes, buy the underlying assets on the cheap: these same assets earn dividends, so an income stream also is acquired at a more effective price.

The contrast between this attitude and that of the large insurance companies is fairly easy to understand. Pension funds are about the most long-term of stock market investors. Many of the insurers, on the other hand, now run unit trust stables which are in direct competition with investment trusts for savers' cash. In addition, on some funds (unit-linked, for example), their time horizons are somewhat shorter.

Scarcely surprising, then, that this group of chunky and powerful institutions should concentrate on getting discounts closed, either by their own pressure or by supporting others' predatory action. This allows them to exit with a tidy profit from a sector they do not wish to encourage.

The BC pension funds' approach is not new, however. Aside from TR Industrial & General, they hold disclosed stakes in about eight other trusts. Perhaps most significant are the 14.1 per cent of Alliance Trust and 28.9 per cent of Globe, Britain's biggest investment trust.

Nor is it unknown for the coal men to make full bids for trusts. Late in the 1970s there was a battle over British Investment Trust, where the BC funds now hold about 85 per cent. More recently, in late-1985, they launched a takeover of the £160m Drayton Premier trust, in this case ending up with full control.

Managers of the pension funds suggested this week that the latest bid is less aggressive than the Drayton episode, while conceding that it indicates some confidence about the equity market. The offer has been triggered formally because the funds, already holding 29.3 per cent of Trig, acquired another 6.8 per cent holding from the Scottish insurance giant, Standard Life. This took the holding over 30 per cent – the level at which Takeover Panel rules require a full bid to be made. The coal men say the question of the future management of Trig will be discussed with the existing board once the outcome of the bid is known.

No matter how pacific these intentions may sound, though, the whole situation can scarcely have thrilled Touche Remnant, the unquoted fund management group which handles the Trig fund. Touche manages Britain's largest investment trust stable and Trig effectively is its flagship – its largest trust, accounting for almost one-fifth of total assets under management and a key income-earner.

Touche, which wants to come to the stock market in 1991, has already faced a boardroom rift, takeover rumours and assaults on four other trusts in the past 18 months. Not only is the Trig bid another blow to self-esteem but it poses further problems over the ownership of the fund management company itself. This is because the TR trusts historically have owned the management company, with a pre-emptive right to buy out stakes if anyone takes more than 25 per cent of a fellow trust.

Recently, Touche brought in Liberty Mutual, an American insurance company, as a supportive 15 per cent stakeholder – and the first outsider. Now, it might have to decide what to do with Trig's holding. This represents the largest single stake in Touche Remnant and accounts for over 25 per cent of the fund management company's equity.

Where, on a happier note, do the 10,000 individual Trig shareholders stand? The bid was pitched at 129.5p a share in cash, 14.5p above the previous market price but at a discount of almost 8 per cent (on Wednesday's calculations) to underlying net asset value. Fixed-price bids for investment trusts are highly unusual, although the coal men trod a similar path with Drayton Premier; normally, a bidder states that he will pay a certain percentage of asset value. Very broadly, anything between 95 per cent and 100 per cent is acceptable generally; below that, it begins to be a shade ungenerous.

On Thursday, as the market weakened, the pension funds' offer started to look more attractive, and the present shaky conditions may even tempt investors to accept at an 8 per cent discount. However, the pension funds cannot buy additional shares until after the first closing date of the offer, probably in a month.

In the meantime, shareholders are in the pleasant position of having their shares underwritten at almost 130p. They can lose little by sitting tight for the time being and watching the market.

John Edwards on a plan which, in effect, gives you two mortgages

Novel way to pay home loans

NEATLY timed to coincide with the inevitable rise in mortgage rates, after this week's further bank base rate increase, the Household Mortgage Corporation has launched a fixed payment scheme under which you pay only 10 per cent interest on your home loan for a period up to February 1992.

It is not a fixed rate mortgage, since the actual interest rate charged on the loan is variable at 1.65 per cent over the London Interbank Offered Rate (Libor) and any difference between this rate and 10 per cent builds up in a separate account, which will have to be repaid at a later date.

However, the scheme differs from the normal deferred interest (low start) mortgage plans in that the extra interest payment due above 10 per cent is not added to the original loan resulting in higher repayments from income later, but is kept apart for payment in a separate way of your choice at any time.

You have, in effect, two mortgages: the original loan, on which you are paying 10 per cent and another loan built up from the extra interest owed.

Not surprisingly, it works out more expensive in the end. You trade off limiting interest payments now, by paying a higher total interest rate at 1.65 per cent above Libor. This compares with the corporation's normal charge of one per cent above Libor, making its current rate a lowly 9.35 per cent but only until the next quarterly review in September when it is likely to jump to well over 13 per cent.

Duncan Young, managing director, said the corporation was playing down the current low rate of its Libor-based mortgage because it was due to go up sharply soon. However, he was worried that some other companies, and financial advisers, were publicising their present low rates without any explanation that they would be increased dramatically at the next quarterly adjustment.

All lenders, relying on the wholesale money market as the source of their funds, are going to be at a considerable disadvantage to the building societies who rely on retail money. Indeed, it is expected that some lenders, who have captured a share of the market by undercutting the societies, may now be forced to charge premium rates. A two-tier structure could emerge with the societies raising their rates to 12.75 per cent, while other lenders are forced to go up to 13 per cent or above.

The clearing banks, for example, might well plump for a quick move to higher mortgage rates accompanied by a rise in deposit rates aimed at attracting retail funds away from the building societies.

Anyone seeking a mortgage would, therefore, probably be best advised to go to a building society at this stage.

A very desperate solution

WITH rising mortgage rates stretching to the limit the resources of many housebuyers who over-borrowed when rates were cheap, some advisers are suggesting that the newfound freedom on pensions could be used to relieve their plight.

Since April, membership of company pension schemes has been voluntary. So one solution to the mortgage repayment problem is to come out of the scheme and use the savings in contributions to cover the higher mortgage financing costs.

It is argued that that most companies will allow employees leaving the pension scheme at least one opportunity to rejoin, so even if you left now you could resume your membership at a later date when the situation is more stable and you are better able to start building up your pension again.

This seems an alluring message to hard pressed housebuyers, threatened with losing their homes, but in reality it is a solution only for the very desperate.

First, the savings are not as great as would appear at first sight.

For a start it is almost certain that the company scheme is contracted-out of the State Earnings-Related Pension Scheme (Serps) meaning that the employee is paying a lower National Insurance contribution.

But if you leave the the company scheme, and do not take out an alternative private pension plan, you would automatically have to pay a further 2 per cent National Insurance contribution on earnings between £2,132 and £15,860 a year. You would also lose the tax relief on your company pension contributions.

More importantly, you should consider what benefits are being given up by leaving the company scheme.

In the short-term, you may well lose the death and disability benefits included in the company pension scheme.

In the longer term, by leaving the scheme even temporarily you would be diluting the ultimate pension and lump sum benefits at retirement, since these are based to a large extent on the length of your membership in the scheme.

However, it is somewhat different if you are envisaging changing jobs within a short period. Then the benefits foregone from the present company scheme would be far less since they would, in any event, be affected by the early leaver penalties.

Even so, housebuyers should not react immediately to those siren voices hinting at this drastic method of meeting a current financial squeeze that may be only temporary. Mortgage lenders normally will extend the repayment period to limit the increased amount you have to pay now, although this could be complicated with endowment or pension-backed home loans.

Employers could help too. Most pension schemes are still enjoying surpluses and a large number of employers are taking pension contribution "holidays". But very few companies have given their employees a contribution holiday. Perhaps now is the time to use some of the surplus to do just that, thus avoiding the risk of an exodus of members from the scheme simply to help pay their mortgages.

Eric Short

John Edwards examines zero coupon shares

Change of direction


Tom Henderson

IAN HENDERSON, the man who was once described as the scourge of investment trusts when he was with the London & Manchester life company, is helping to form a new investment trust. What is more it is an investment trust that will invest in other investment trusts.

Henderson says his reputation as a critic of investment trusts is wrong. His concern was that London & Manchester, which he left in 1986, was over-invested in trusts and that many of the trusts at the time had no defined investment objectives or identification.

Now he is a fervent supporter of investment trusts, which he feels are the most attractive investment vehicle because they are so flexible and can be used to do a lot of things.

Flexibility is certainly a feature of the Exmoor Dual Investment Trust (Edit), which was launched on the stock exchange this week with a £15m placing by stockbrokers Rowe & Pitman, part of the Warburg group, which helped dream up the whole idea. Dealings are due to start on September 2.

It is a split capital investment trust with some novel features. There are three different types of shares. Zero Coupon preference shares (4.5m placed at 100p each), income shares (7.5m at 100p) and ordinary shares (7.5m at 40p).

The idea is to give investors a choice. You can either go for high income – the estimated initial gross dividend yield of the income shares is 9.2 per cent; a mixture of income and some capital growth from the ordinary shares; and capital growth only from the zero coupon stock.

The company will be wound up in the year 2001, when the holders of the zero coupon shares, who receive no dividends, will have first priority in receiving a payment of an amount equal to 100p per share, compounded annually at a rate of 13 per cent, making a total repayment of 490p in 2001.

Henderson points out that the zero coupon shares have an obvious appeal to investors not wanting income now or wanting to defer tax liability to a later date. In fact, zero coupon shares, as opposed to stock, are liable to capital gains tax rather than accrued income tax, so you could "bed and breakfast" them each year to use the £5,000 exemption and you also have the advantage of indexation relief – a useful allowance with inflation rising.

At the same time the zero coupon shares could also be used in the form of a do-it-yourself income bond to achieve a flow of income paying reduced tax.

Having decided how much you want to invest, you would buy a temporary annuity and buy sufficient zero coupon shares to ensure that your capital is replaced by the redemption value of the zero coupon stock. Thus, you would receive income from the annuity, which is taxed at a favourable rate since you pay tax only on the interest element of the annuity payments while the capital element is ignored.

For example a man, aged 55, with £10,000 buys £2,946 worth of zero coupon shares which, at 13 per cent gross, grows to £10,000 in 10 years thus replacing the original capital sum. Meanwhile, the remaining £7,054 is used to buy a 10-year annuity from Scottish Provident which pays £87.52 a month gross, or £81.20 to 25 per cent taxpayers and £77.40 as a 40 per cent taxpayer.

As to the other classes of shares, Henderson says there is a strong demand from investors these days for high yielding income stock, since October's stock markets crash and Budget tax changes. He believes (along with the Coal Board Pension Fund) that buying investment trusts is a cheap way into the stock market, especially split level trusts where capital shares had been hardest hit by the October crash and were very undervalued at present.

Chairman of the Exeter Dual Investment Trust is Peter Gray, former managing director of Touche Remnant, while another director, John Hamilton-Sharp is an investment manager with Equitable Life. Henderson, who is investment manager to the company, already runs a unit trust that invests in investment trusts. Launched in June 1987 not long before the crash, it is showing a substantial loss over 12 months but has staged a strong recovery during the past six months. His Exeter High Income Trust launched in April is showing a small gain but paying a gross yield of nine per cent.

However, he points out that the investment trust formula is the only one that can have different classes of shareholders who help each other, some requiring capital appreciation while others want income.

Savings scheme launch

KLEINWORT GRIEVESON has launched a savings scheme alternative allowing you to buy shares in any of six investment trusts it manages without paying any brokerage commission.

The cost will be around 1 per cent above the middle market price at the time of dealing, plus stamp duty and an administration charge of 0.5 per cent (minimum £1). When you sell, the price will be about 1 per cent below the middle market price, plus a charge of 1 per cent (minimum £10).

You can make monthly, quarterly or annual payments with a minimum of £25, £100 or £250 respectively, or put in a minimum lump sum of £250.

All shares bought will be registered in a nominee name. You will, therefore, not get a share certificate unless you pay £10 to be transferred out of the scheme onto the main register.

The six trusts are the Kleinwort Charter, Overseas and Smaller Companies, as well as the Brunner Investment Trust, Jos Holdings and the Merchants Trust.

Neil Young, director of Kleinwort Grieveson Investment Management, says the investment aims of the trusts have been chosen deliberately to avoid narrow *specialisation*.

■ ***Fleming Investment Trust* Management has changed its savings plan so that shares can now be bought and sold every week rather than every month.**

John Edwards

Why travel has broadened Kevin Goldstein-Jackson's mind

Way the cookie crumbles

TRAVEL BROADENS the mind, so they say. I find it also helps with investment decisions. I returned recently from a visit to the US where my two young daughters were able to "look over" part of one of their investments by visiting Disneyworld. It still seems to be doing well.

We also saw two new excellent Disney feature films (not yet released in the UK), so my daughters have decided to keep their Disney shares (up from their $54 purchase price last year to over $60). They also like the picture of Mickey Mouse on the dividend cheques.

Travelling around the US, we visited various shopping malls and, again, I was pleased I had not invested in Mrs Field's Cookies when it was floated on the UK stock market in 1986. Travel experience at that time demonstrated the enormous competition in the cookie market and it still seems tough; thus, I am not surprised that its shares have fallen from their 140p flotation price to around 52p.

What happens in the US also tends to affect the UK sooner or later. In an article in June last year, I noted an item from the *Miami Herald* which described how several US consumer electronics retailers were performing poorly. According to the story, there were "too many stores, too few sales and too many products on the market place," which led to "lower prices and lower profit margins."

Despite various "share tipsters" proclaiming the merits of Dixons last year at prices as high as 430p, I avoided them, and thus did not suffer when the share price halved.

This year, it seems that savings and loan institutions (the US equivalent of building societies) have suffered from intense competition, imprudent lending and heavy overheads. Many now are insolvent and have had to be "bailed out" by the US Government. I will, therefore, think very carefully before deciding whether to buy shares in any UK building society that decides to change its status and gain a stock market quotation.

Some years ago, in Hawaii, I noticed that the Japanese seemed to be buying property there at an ever-increasing price. So, in 1986 I bought shares in Amfac for $24.88 because, although the company reported losses, it owned more than 50,000 acres of the islands. I hoped that Amfac either would be "turned around" or that it would attract the attention of a takeover bidder interested in its valuable land. Last month, the Chicago-based JMB Realty Corporation made a takeover offer of $49 a share.

Not all personal experiences in the US have led to profits or the avoidance of losses, though. In 1986, I bought shares in MCA for $48.32 each because I had enjoyed – like millions of others – the tour of its Universal Studios in California. I also thought that its land holdings and its enormous catalogue of films and TV series were under-exploited, and that the company might produce dramatically-improved results or be taken over.

This has not happened and the shares are now around $41, despite several recent articles in US magazines on various people "fighting for the power of the MCA Tower."

Wherever I went in the US – Orlando, Los Angeles, Las Vegas, San Francisco – there seemed to be Japanese tourists and business people. I would expect the Japanese to be increasingly active in takeover bids and am now looking for US, UK and other companies which might be likely candidates.

One thing I never forget to take on my travels is a complete list of all my shareholdings, plus the phone and telex numbers of my stockbroker. Thus prepared, I am able to act quickly on any interesting prospects. It also means that, if there was a sudden downturn on the stock market, I would be able to contact my broker and liquidate some of my shareholdings.

There probably can be nothing much worse than seeing news reports of a market crash while overseas and being unable to do anything about it because you can't remember your broker's number or the exact details of what you hold.

August proves to be a torpid month

THE GREAT INVESTMENT RACE

A HARD TIME they had of it! The August markets have been thin, stale and lethargic to the point of torpor and no team taking part in the Great Investment Race managed to catch another. Still, even if conditions taxed their ingenuity, the leaders all chalked up creditable gains. The top three, along with Enskilda, were responsible for the bulk of the £27,167 profit this month.

According to the WM Company, the Edinburgh performance measurement consultant which is keeping track of proceedings, a total profit of £455,981 has now been made on the initial £495,000 stake loaned by the Prudential. All the money raised in the year-long race will be distributed by Charity Projects, the contest organiser, to about 50 small charities for the homeless, the disabled and drug and alcohol victims.

Top of the list this month came Cazenove, which increased its stake by nearly £9,000. It made most of its profit from October call options in Cable and Wireless, which attracted City attention when it sold its Racal stake earlier this month. Cazenove has since bought more call options in Cable & Wireless, but this is its only stake in shares. The rest is being held in cash.

The Prudential's response to the sophorific market was to become more opportunistic, according to Ted Williams, an assistant director. It made £6,000 through buying and selling Toyota convertible bonds and just over £1,000 through trading Wellcome September put options. On the downside, though, it saw its RHM stake drop in value by almost £3,000, following the referral to the Monopolies and Mergers Commission of the proposed take-over bid.

Over at Henderson Administration, Claire Nowak positively relished the depressed market conditions. By judicious use of futures and options, her portfolio can benefit from a market downturn, without having to tamper with the underlying share holdings.

Her distinctly bearish philosophy stood her in good stead overall, although it resulted in some losses early in the month. The £5,532 gain resulted from trading futures in the UK, Japanese and US markets and, in addition, by profit taking on a Pearson stake.

Enskilda also distinguished itself, when, like last month, it clocked up the biggest single gain – £10,000. It made £9,000 in a week by investing £76,800 in Nordstjernan, a Swedish construction company. It also made £1,000 by a quick turn on Alsthom Atlantique, the French transport company.

For the rest of the competitors, however, August provided few opportunities. Most kept their heads down in the hope that September would provoke more action.

The summertime blues are still afflicting the Japanese warrant markets. With the prospect of a flood of new warrants to soak up investors' money, Antos Glogowski at Daiwa is mildly despondent about the short term outlook. But he expects sentiment to change before long. "By the year end I expect the warrant market to be substantially higher than it is now," he says.

**GREAT INVESTMENT RACE
HOW THEY STAND**

1	(1)	Cazenove	£162,994	(£154,039)
2	(2)	Prudential	£159,351	(£153,918)
3	(3)	Henderson	£139,886	(£134,354)
4	(4)	Nomura	£122,057	(£123,067)
5	(5)	Enskilda	£ 93,186	(£ 83,169)
6	(6)	Capital House	£ 74,554	(£ 75,972)
7	(7)	Daiwa	£ 74,516	(£ 73,775)
8	(8)	Hoare Govett	£ 69,159	(£ 59,809)
9	(9)	Bell Lawrie	£ 55,278	(£ 55,711)

Previous position in brackets

Source: WM Company

Bryan Johnston of Bell Lawrie, the Edinburgh stockbroker, describes current conditions as a "fools paradise" - an opinion that has led him to take out September and October FTSE 100 index put options that should pay off handsomely if this week's fall in the market continues. "We are proceeding on a very canny basis," he says.

David Kidd of Capital House, the investment banking arm of the Royal Bank of Scotland, is wary too. "The background looks unsettled and I am still very cautious" he says.

This view is also echoed by Nigel Yandell of Enskilda, which has all its fund in cash at the moment. "We don't think there is a good reason to go into any market in an aggressive way," he says.

Bernard Cazenove at City stockbroker Cazenove is also cautious. However, as fund managers return from holiday, he predicts that the market could see a short term recovery over the next four or five weeks. Any anomalies will be exploited, he promises. "The end of the race (in December) is not in sight but it is round a few bends," he notes. "We have to take an even shorter term view than we did in January."

Vanessa Houlder

FINANCE & THE FAMILY

On the horns of a dilemma

My next door neighbour has recently installed three goats in her back garden. Goats are not domestic pets and the garden concerned is quite small. The area in which we live is dense with owner-occupied housing and not remotely rural.

Are there regulations governing the keeping of farm animals by ordinary domestic households? Do any restrictions apply? I would be obliged for your assistance.

There appear to be no regulations governing the situation as such. You may, however, care to consult the Environmental Health Department at your local authority to see if that department would be willing to take steps to require the animals to be removed.

Cut the tax bill

If the value of our house, shares and cash is, say, £200,000, does that mean that the tax at 40 per cent over £110,000 would come to £36,000?

We have no children, and don't wish to give capital away while we live because we depend on it for income. Can anything legally be done to lessen the impact?

You are correct in your assumption that the Inheritance Tax on an estate of £200,000 would be £36,000; but if the house is jointly owned and you equalise your other holdings of assets (gifts between spouses are exempt from Inheritance Tax) no tax will be payable because each spouse will have an estate of approximately £100,000.

Missing will found

If a person dies, presumed intestate, and a will is found two years later what is the position with the Inland Revenue in respect of a subsequent disposal of assets acquired under the will?

In particular, what is the position in respect of a Main Residence Election in the case of a property so acquired. As this has to be exercised within two years, will the Revenue accept in the above circumstances that acquisition dates from when the will was found and not the date of death?

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The assets are deemed to have been acquired on the date of the testator's death (just as in the normal situation where the will is found immediately).

The period referred to in section 101(5)(a) of the Capital Gains Tax Act 1979 starts when the second dwelling becomes the taxpayer's residence – not when he is deemed to have acquired the second house.

Unless you happened to have lived in the second house before the will was discovered, therefore, there seems to be no problem over the time limit for notices under section 101(5)(a) – even on the Inland Revenue's controversial interpretation, as outlined in the free pamphlet for owner-occupiers, CGT4 (1986).

Valuation of land

I own a field which was left to me as part of a small farm in 1968. The rest of the farm was sold in 1977 and I paid the requisite capital gains tax, keeping the three-acre field which was not then valued on its own. If taken as agricultural land only, it was probably worth about £3,000; and on that basis it has not changed a lot to the present day.

A neighbour, whose cottage adjoins the field, has offered to buy my land at a price well above agricultural value – at a figure, in fact, which reflects the value of his house if he were to put it on the market with the three acres of land adjoining.

An accountant tells me that I would have to pay CGT on the amount between the agricultural value in 1982 and the sum received, less indexing and the £5,000 allowance, of course.

I have suggested that the "value" of the land in 1982 was not in fact agricultural, but should be taken on the basis that it was then available to be sold to the cottage-owner on exactly the same basis as now; and that its true 1982 value would be the same price as I am to receive now, less whatever percentage the property as a whole (cottage plus land) would have changed in six years (eg, cottage only 1988: £200,000. With land, £240,000. Cottage only 1982: £150,000. Therefore, land value in 1982 should be £30,000).

My argument is that the basis for market value should be the same in both cases, 1982 and today. The accountant's comment on this was: "Yes, it is interesting," but he seemed doubtful at the same time.

We think that your argument is a viable one and could well be right. Ultimately, only a decision by a court would resolve the matter, but the logic of your position is strong. We doubt if there would be much to gain from the neighbour's affirming that he made an offer in 1982; what matters is that the land could have been sold then as it is being sold now.

In need of repairs

I own a leasehold flat in a Victorian mansion block and am having severe difficulties with the freeholder, who is said to live in Central America. Virtually no maintenance work is being carried out so that we have, among other things, leaking gutters, rotten windows, falling-down sheds, and a fire escape so dangerous that it was condemned some time ago by the police and fire brigade.

I have written monthly letters to the managing agents demanding that this work be carried out, outlining the financial and safety consequences of not dong so. Few letters are acknowledged and no work has been done.

Previous leaseholders have retained service charges because of these problems, to no avail. Many of us who live in the block, about 50 per cent of whom own their flat, are becoming increasingly worried as broken doors, fences and walls mean that we have been burgled several times just in the last month. We don't want to move as the flats themselves are very desirable and the block is in a good location.

How can we force the freeholder to maintain the building adequately and provide some degree of external security by the way of complete boundary fences and secure doors? Can we force the freeholder to sell the property to a more amenable company or to us?

You can apply to the courts for an order requiring the freeholder to carry out the repairs that are necessary. You should consult a solicitor with a view to making an application under Section 17 of the Landlord and Tenant Act 1985.

Reduce the rent

My daughter, who owns the lease of a flat in a house converted into four units, incurred expenditure for emergency plumbing following frost damage. The receipted bills were sent to the landlord for inclusion in his claim submitted to the insurance company as the landlord holds the policy and pays the premiums collecting the respective proportions from the leaseholders.

The insurers settled the claims with the landlord, but the latter neglected to pass on to my daughter those sums specified by the loss adjusters to the insurers. All requests and demands were ignored by the landlord and a summons was issued in the county court.

In the absence of any defence a judgment was ensured. This was also ignored by the landlord and a warrant was issued.

As the property owners are a limited company and the registered office merely an address (presumably that of the landlord's accountants), it is most unlikely that the bailiff can seize goods. Is there any means of compelling the landlord to part with the funds he has received on behalf of my daughter other than putting a charge on the property owned by him?

You have correctly identified the only effective means of enforcing the judgment, namely by a charging order. However, your daughter would be better advised to set off the debt from the landlord against rent and service charges becoming due to the landlord, paying only the balance after set-off.

Speelman triumphs

SPEELMAN will go forward into the semi-final after the the Pilkington Glass World Chess Championship in London. He may well play Karpov for the chance of competing for the world title held by Kasparov, writes Anthony Curtis.

Speelman's draw with the white pieces on Tuesday, in a virtuoso display of the Catalan opening, brought the score to $3\frac{1}{2}$ to $1\frac{1}{2}$ and eliminated the need for a final game.

The result must be a bitter disappointment to Nigel Short. Some commentators have criticised FIDE for bringing the two British contenders together at this quarter-final stage.

SPONSORSHIP of the British chess championship by leading merchant bank Kleinwort Benson – and, before that, by its stockbroker associate Grieveson Grant – has continued since 1978. KB's support, guided by director John Brew, has proved a key factor in Britain's rise from an also-ran of international play to number two behind the Soviets.

Kleinwort Benson's contribution has been to combine a rewarding tournament – Jonathan Mestel, as 1988 champion, received nearly £3,000 – with opportunities unrivalled anywhere in the world for young talent to compete in the national final.

Technically, this is made possible by the seeded Swiss pairing system which enables about 70 competitors to be included within 11 playing rounds while still giving objectively-correct results among the leaders. This year, there were five grandmasters in the top seven but also four teenagers in the top 20.

Nigel Short first competed in the British championship at 12 and Michael Adams – now the world's youngest international master – at 13. Many others have been able to match skills with the UK's leading exponents at an age that would not be possible in the USSR, US or Hungarian all-play-all championships.

This wise investment over the past decade has produced a gifted generation, the contemporaries of Nigel Short, who are now IMs in their early 20s with every promise of going on to become strong grandmasters.

Almost every year, the Kleinwort Benson British championship has highlighted a new talent. This month it was Ali Mortazavi, 17, from an Iranian family and the leading player at St Paul's School, London. (Incidentally, the Ayatollah Khomeini banned chess in Iran some years ago).

Mortazavi's fine 6¼/11 included a win and a draw against grandmasters and this excellent attack against one of Scotland's best IMs. Black never recovers from his faulty opening decision at move

In the final stages, the key difference is that White's bishop is active but Black's is locked behind its own pawns. White conducts the final attack – queen and rooks tripled on the KN file – with zestful energy and Black resigns because of 36 . . . K-R2; 37 R-R8 ch! forcing mate.

White: A. Mortazavi.
Black: C.W. Pritchett.

Queen's Pawn (Kleinwort Benson British championship 1988).

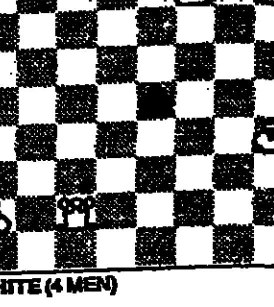
1 P-Q4, N-KB3; 2 N-QB3, P-Q4; 3 B-N5, QN-Q2; 4 N-B3, P-KR3; 5 B-R4, P-K3; 6 P-K3, P-B4; 7 B-Q3, P-B5? 8 B-K2, B-N5; 9 N-Q2, BxN; 10 PxB, Q-R4.

11 O-O, QxBP; 12 B-N3, O-O; 13 B-Q6, R-K1; 14 R-N1, Q-R4; 15 P-K4, P-B6; 16 N-N3, Q-Q1; 17 P-K5, N-K5; 18 R-B3, N-N3; 19 P-B3, N-Q7.

20 NxN, PxN; 21 QxP, N-B5; 22 Q-B3, NxB; 23 QxN, P-QN3; 24 P-KB4, B-Q2; 25 Q-R3, R-QB1; 26 B-Q3, P-B4; 27 P-N4, R-B1; 28 K-R1, R-B6; 29 R-B3, K-R1.

30 R-N1, B-K1; 31 R(3)-N3, B-N3; 32 PxP, RxB; 33 PxR, BxP; 34 Q-N2, R-B2; 35 RxP, Q-K2; 36 R-N8 ch, Resigns.

BLACK (1 MAN)



WHITE (4 MEN)

PROBLEM No. 737

White mates in two moves against any defence (by W. Greenwood, 1880). A miniature problem but harder than it looks as White tries to cut off all the black king's escape routes.

Solution Page XV

Leonard Barden

Bridge

IN MY FIRST hand today, which is taken from rubber bridge, the declarer failed to get home because he could not see how to gain a tempo. We study Essential Timing:

N
♠ K J 8 2
♥ 5
♦ A J 10 5
♣ Q 10 4 3

W
♠ 6 5 4
♥ Q J 9 8 2
♦ 9 8 3 2
♣ 7

E
♠ A 10 9 3
♥ 7 6 4 3
♦ 7
♣ A J 9 8

S
♠ Q 7
♥ A K 10
♦ K Q 6 4
♣ K 6 5 2

At game-all, South dealt and bid one no-trump. North responded with a Stayman two clubs, hoping to hear South say two spades. But when South denied a four-card major by bidding two diamonds, North went three no-trumps.

West opened with the queen of hearts, East playing the seven, and the king won. The declarer led his queen of spades, which lost to the ace. East returned the heart three, completing the peter to show four cards in the suit.

South's 10 lost to the knave, and West played back the nine to dislodge the ace and clear his suit. South needed one trick in clubs for contract but, when he played a club, East won and a heart return put South one down.

Had South known about avoidance play, he would have gathered in nine tricks. At trick two, he should cross to the table with a diamond and return the two of spades. East is compelled to duck – if he plays his ace, he sets up three tricks in the suit for South. If West happens to hold the ace and wins, he cannot attack hearts with advantage.

When the queen of spades holds, South crosses again to the table and leads a club. Once more, if East rises with his ace he sets up two club tricks for South, which is enough for his contract. If the club king wins, South switches back to spades.

We turn to championship pairs:

With both sides vulnerable North dealt and, after two passes, South said one no-trump. West doubled, North and East both passed, and South rescued himself into two hearts which became the final contract.

N
♠ 8 7 5 2
♥ 9 7 5 4
♦ Q 9
♣ 8 6 4

W
♠ K 10 4
♥ 3
♦ K J 10 6
♣ A K Q 9 2

E
♠ J 9 3
♥ K J 8
♦ 8 7 3 2
♣ J 5 3

S
♠ A Q 6
♥ A Q 10 6 2
♦ A 5 4
♣ 10 7

West cashed ace and king of clubs and continued with the queen. At some tables South ruffed and played ace and another heart, hoping to find West with the king doubleton and so endplay him. East won, and a diamond return beat the contract by two tricks.

This declarer, however, endplayed West simply by refusing to ruff the queen of clubs, discarding the six of spades. West found the best return, the heart three, East's king losing to the ace.

Now, South had to guess whether East had started life with Kx or KJx of trumps. He avoided the guess by a delightful play. He led a diamond to the table. West took with his king and led another diamond. Declarer overtook the queen with his ace, ruffed his last diamond in dummy and returned a heart.

When East produced the eight, the 10 was finessed and South was home. Had the 10 lost to the knave in West's hand, eight tricks would still have been made – West would have been endplayed for a second time.

E. P. C. Cotter

GARDENING

WHEN GOOD garden-owners go on holiday, they are advised to arrange water for their young wallflowers and remove all the deadheads off their phloxes. I have been looking further forward. I have been helped by three paintings, on show in London until September 18 as part of the National Gallery's Exhibition of French Masters from the USSR. These brief visitors to Britain remind us that the gardens which we visit and gardens which we leave behind are not solemn creatures of eternity.

In Rome, the great families of the Ludovisi and the Pamphili had planted enormous gardens around their villas long before there was much to see in an English country setting. In the 18th century, the artist Vernet visited these old and imposing Italian plantations. They must have impressed him, much as the huge hedges of gardens like the Villa Medici still impress you and me. How did later ages come to terms with this awesome heritage?

When we visit these grand gardens in Europe, they look empty and rather blank to our English eyes. They are short of flowers and long on evergreens. I think that we forget how their walks and terraces often were filled with the huge households which were maintained by their owners and visitors. The first room of the National Gallery's exhibition has two charming paintings on this theme by Vernet, which I recommend to any gardener going on holiday.

At the Villa Ludovisi in 1749, Vernet has shown himself sketching in the foreground while the guests take their pleasure, like modern visitors, on the terraces beneath the tall, formal hedges. There are no cream teas, so far as I can see, but there certainly is a visiting dog.

Just below the loggia, Vernet is sketching, the dog is off the lead and the ladies are having right royal fun. They have found how to turn the tap working one of those garden fountains that usually is out of order when we go to look at it. By remote control, they are squirting fellow-guests who are standing within range; you can almost hear the squeals. It is all very hearty, where nowadays we see empty space; Fergie, I think, was just off the edge of the canvas when Vernet immortalised the scene.

Further on at the Villa Ludovisi, also in 1749, Vernet reminds us that even the greatest garden was a place in which to dine and eat, receive bunches of flowers from servants, flirt and make a pass at the maids. He shows us in the middle distance one of those water-filled staircases that Italian garden-owners so enjoyed. Beyond it, a party of ladies and gentlemen is dancing in a circle, like ring-a-rosies, after lunch. We know it is just after lunch because the servants are clearing away the remains.

Frolics at the majestic Villa Ludovisi in Rome as captured by the artist Vernet in the mid-18th century

Only Fergie was missing . . .

***Robin Lane Fox** sees some right royal fun in a verdant Roman setting*

An obsequious gardener is offering a posy to a well-behaved pair of strollers but, behind the hedge, in one of those typical niches, one of the bolder guests is trying to seduce a not-unpromising waitress. The classical bust of a satyr, the sort of thing we now photograph in silence, is looking down benignly on this skirmish after the desert. Down the main alleys, people are courting and dancing, while behind them they are getting down to business.

I love these pictures, which we probably will not see in Britain again. They remind me how these great old gardens are nowadays stripped of the ghosts which gave them life. On holiday in Europe, we sometimes feel that the gardens open to the public are rather dull. We see them on our best behaviour, as paying visitors, not as elegant guests whose laughter, clothes and numbers once made them live.

These two fine Vernets are all the better for the company they keep. Just beside them hangs a modest work by Hugh Robert that shows Rome's Villa Madama perhaps 50 years later in the same 18th century. The Madama is a noble presence in the golden age of garden architecture. It was there that Raphael planned to revive the old Roman style of the garden of Pliny; he and his school put the garden loggia on the map and decorated it beautifully, too, if you can somehow squeeze your way in to see it. The garden was never finished, but it had its own grottoes, terrace, stone arches and a notable fish pond.

Just below the terrace, where the pond still stands, Robert's painting shows us a simple family, living underneath the arches and hanging their washing cheerfully where Raphael once planned a classical vista. The people of Rome have always been masters in the art of re-cycling ruins but, beside the two Vernet scenes, this painting strikes a particular chord.

Gardens, Vernet reminds us, always have been places for fun and laughter; yet, like their visitors, they also can fade into ghosts of their former selves. When we visit them, we tend to respond to what "survives" most impressively – the more, the better. However, change is inseparable from gardening, no less from dancers on the lawn after lunch. These great gardens also are ghosts themselves, as yours and mine will be, not just when we return from a holiday away from the weeds.

Parents that count

***Arthur Hellyer** on the importance of provenance*

I ONCE SAW a collection of Sitka spruce seedlings, raised from parent stock, that had been collected throughout the length of the tree's distribution in the wild along the north-western American coast, from Alaska in the north to Oregon in the south. The object was to find the most satisfactory forms to plant on Scottish hills, and it might have seemed obvious that those with Alaskan parentage would be the best. Surely they, above all others, would be able to withstand anything the Scottish climate could hurl at them.

It was not so. They made the worst progress of the lot. In fact, they grew scarcely at all and clearly they were quite unsuitable for Scottish forestry. The reason was not excessive cold or even tempestuous wind but the Scottish day length which, although incredibly long to southerners in summer, was still not long enough to enable the Alaskan spruces to achieve any significant growth.

Foresters pay great attention to the precise location from which breeding parent stock comes. They call it the provenance of the stock, and it is often important that it should match (in climate and day link) the characteristics of the place in which the progeny of these plants is to be grown.

Gardeners give far less thought to provenance, although many are aware that plants of the same species collected in different places – or even seedlings from such plants raised in their own gardens – may behave very differently. It is particularly true of plants that are on the borderline of hardiness in Britain, but it is by no means confined to that since soil and day length may also play a part.

Gardeners who are interested in eucalyptus trees have been among the most aware of the importance of provenance, and often have tried to get seeds or seedlings from wild parents that grow at fairly high altitudes in the belief that these were likely to inherit qualities that would give them greater resistance to cold. I am indebted to the Celyn Vale Nurseries at Carrog, near Corwen in north Wales, which specialises in eucalyptus trees, for the information that seeds collected at high altitude in the central Tasmanian plateau and from the Snowy Mountains of New South Wales are more likely to produce reasonably hardy plants than those at collected at lower altitudes.

The eucalyptus . . .

Yet, even here altitude was not the only factor to be considered. One batch of seed of eucalyptus *glaucescens*, collected only 400ft higher up a mountain than another batch, had a survival factor eight times greater. Considerable variation in hardiness also was observed in seedlings from plants growing only a few feet apart.

For gardeners interested in plants that are considered on the borderline of hardiness in Britain, it is good news that travel in China is becoming easier. Many of the fine Asiatic plants that were introduced to the UK late in the 19th and early 20th centuries have since been discovered only once or twice in the wild, and it might well be that the provenance of these was not the best for British gardens. New introductions of the same species from different locations could produce better material for local conditions.

. . . and the amaryllis

I often wonder if the relatively poor flower production of shrubby potentillas with pink or red blooms might have something to do with the fact that all seem to be descended from one collection of seed made in the wild in Burma by Reginald Farrer. Perhaps elsewhere in Asia are other shrubby potentillas with an ability to produce red, orange or pink flowers as freely in Britain as the best white and yellow varieties such as Abbotswood and Goldfinger. How useful they would be.

South America remains an unknown continent to me but British gardeners seem to be taking increasing interest in it, especially in the Andes where, at fairly high altitudes, there must be a great many plants capable of thriving in the UK climate. I listen intently to travellers' tales of unidentified alstroemerias not only different in appearance from those we know but also, in some cases, growing in woods, which would extend their usefulness considerably. I am told of hippeastrums (call them amaryllis if you prefer) which grow so high up in the mountains that they should be completely hardy in Britain; and I wonder if, in Chile or Argentina, there may still be in embothriums and eccremocarpus waiting to be found which would extend the usefulness of these beautiful trees and climbers in UK gardens.

I also wait eagerly for collectors in South Africa to send us more osteospermums, particularly those with purple blooms which either are unaffected in their flower production by day length or come from so far south that they have adapted themselves to continuous flowering, even when the days are considerably longer than the nights.

Some of the small specialist nurseries about which I was writing last week have made arrangements with overseas collectors to send them seed of almost anything that seems interesting. They should impress on those collectors the importance of provenance in determining if the seed is worth dispatching to a country with such wide temperature and day-length ranges as Britain.

Country Property

PROPERTY

Why beauty's in the eye of the be-older

John Brennan discovers a public desire to turn back the housing clock towards the traditional

IT IS DOUBTFUL if car salesmen would have much luck if they had to pander to the buying preferences of British home-owners. "Yes, madam, running boards are an 'extra' on the economy model. But, if we could just step over to take a look at the executive range . . . as you see, wood-spoke wheels and brass-style paraffin headlamps come as standard equipment . . .

"Of course, if you were thinking of something rather special, perhaps I might interest you in a test drive in our top-of-the-range GT, the 'Grande Traditional?' These have all the latest old fittings and this model comes with its own detachable, liveried roadman available in a choice of fitnesses, each fully-equipped with one of our custom-designed, all-weather red flags . . ."

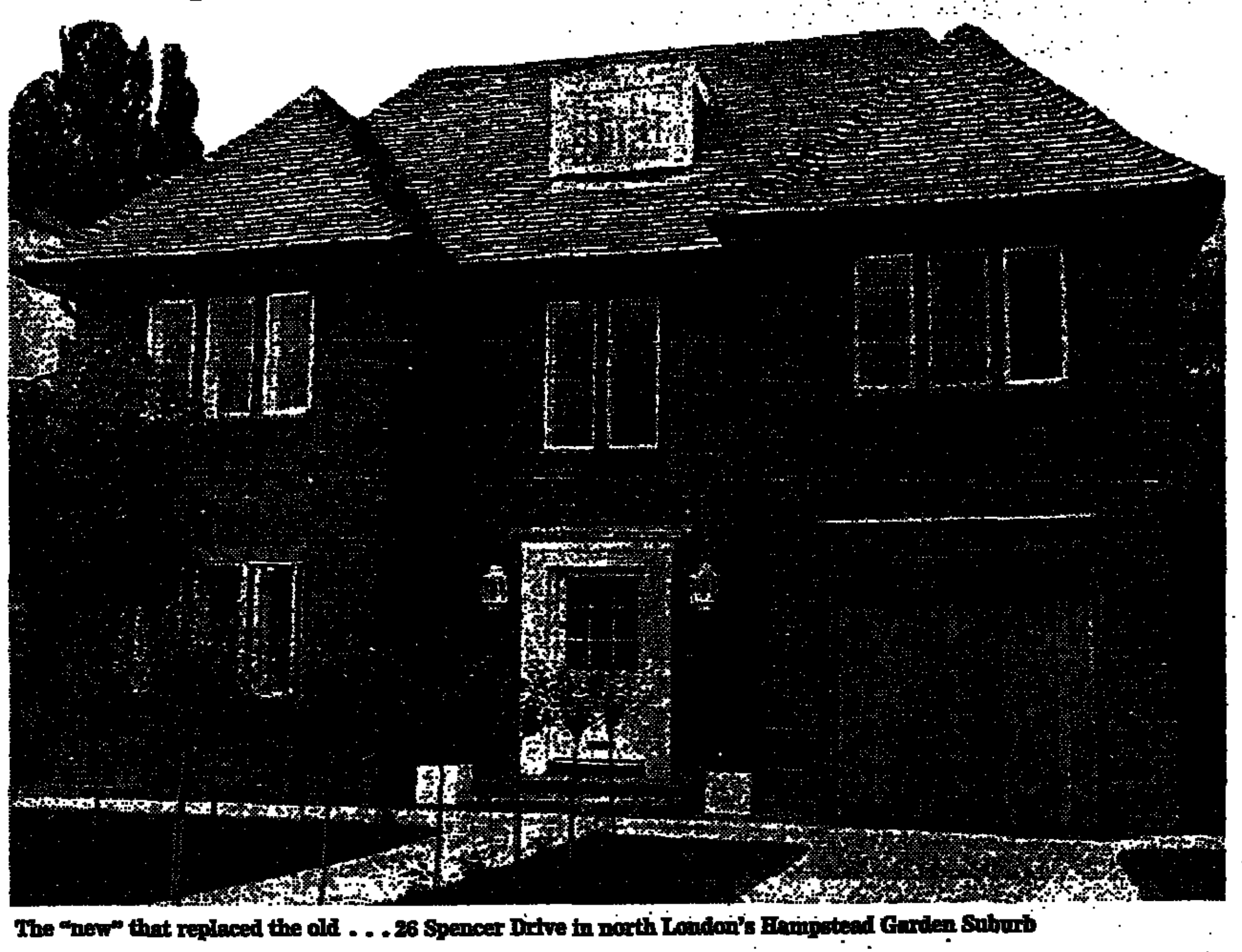
Putting men with red flags in front of cars isn't likely to improve sales these days. Yet, when you move off the garage forecourt and onto the housing estate, buyers who demand the latest and most modern-looking cars suddenly get an attack of traditionalitis and insist on houses that look as old as possible.

This could, of course, explain both the decline of the UK car industry and the equally dramatic collapse in the status of residential architects in this country. Just as Britain's last generation of volume car-makers clearly laboured under the impression that product lines inspired by the past helped sales, so generations of architects believed fondly that designs looking to the future would set the housing sales queues alight with enthusiasm. Both groups have paid for these misjudgments by exclusion from their respective mass markets.

"Old lamps for new" would be a better sales pitch if you wanted to persuade Aladdin to make a trade these days. That is a point not lost on Terry Pace, marketing director of the Alpine replacement doors and windows group. He reports big business in helping home-owners to redress the consequences of the modernisation fever that gripped the country a quarter of a century ago.

"The architecture of the Twenties, Thirties and even Forties suffered greatly at the hands of the enthusiastic home-improver in the Sixties," says Pace. Not that Alpine's customers are concerned unduly about architectural integrity. That is borne out by Alpine's confirmation that the most popular replacements today are "latticed windows that give a cottage look to houses which were never so beautiful in their original design." Pace stresses that "adding a traditional look can provide a touch of romance to a house which was probably quite boring even when new."

Owners are not merely stripping the Formica off their 1920s' cupboards and throwing the metal-frame double glazing units out of their Victorian terrace windows; they seem keen to keep winding back the clock and turn 1930s' semis into Queen Anne country cottage lookalikes. It is not surprising to hear that housebuilder CALA Homes is promoting designs that revive the clay chimney pot. The only real wonder is why no-one has yet developed a sales promotion around end-of-garden lavatories and coal-store baths, or come up with a brand of stick-on thatch for commuter homes that look too new to be fashionable.



The "new" that replaced the old . . . 26 Spencer Drive in north London's Hampstead Garden Suburb

One of the most exotic illustrations of this gradual shift back in time in housing fashion has just resulted in the demolition of a 1930s' house in Hampstead Garden Suburb. In its place now stands an entirely new, 1920s'-style house. This is the first time in five years that the Garden Suburb Trust, which keeps a strict and effective control on any development in the area, has given permission to demolish and replace a property. The "old" 26 Spencer Drive, N2, was one of the over-consciously "modern" 1930s' "sun trap" houses that architects of the time believed would help to educate British tastes to the latest thinking in domestic design on the Continent.

Architectural purity or no, minimalism never has been a marked characteristic of this leafy part of north-west London. The stark, white box "sun trap" houses have always looked about as comfortable among their Haute Suburban neighbours as a pallid British tourist in khaki shorts and pullover on the beach at Rio. The Suburb Trust evidently shared that view and let interior designer John Williams put Number 26 out of its misery.

Williams, better known for his distinctive craft furniture, has had the exterior designed to fit in with the older, more traditional neighbouring Suburb houses. Inside, he has created a vast, five-bedroom home fitted in limed oak and marble. On sale at a guide price of £750,000 freehold through Ellis & Co.'s Hampstead Garden Suburb Office (01-458 8448), the new, "traditional" Number 26 looks far more at home than its old "modern" predecessor.

First-timers spark prices leap

MORE THAN half of all the first-time buyers in London this summer were clubbing together to buy ahead of the end of multiple mortgage interest relief on August 1. The London Research Centre's latest quarterly report on price movements in the capital confirms the extent of the rush for property ahead of the tax relief deadline.

The report also shows the impact that the rush had on the cost of lower-priced flats and houses. Drawing on the figures for Halifax Building Society mortgage approvals in the second quarter of 1988, the centre reports that, before the Budget, 44 per cent of all London's first-time buyers were receiving multiple mortgage relief. In the months between the Budget and the deadline for the end of that relief, the proportion of first-time sales to multiple mortgage applicants rose to 53 per cent.

This surge of demand for properties at the bottom of the capital's price ranges pushed up those prices by a London-wide average of 7 per cent in the second quarter of the year. Increases have been even sharper in particular parts of inner London, such as Lambeth, where multiple-relief purchasers paid an average of 12 per cent more for a first home between spring and summer this year.

The individual incomes of couples formerly able to claim multiple tax relief are, on average, a quarter lower than other first-time buyers. As the centre comments, "Clubbing together to buy a house is a very important factor in lowering the threshold of access to owner occupation." And while the restriction of mortgage tax relief to loans of £30,000 on each property will not stop people from buying together, the centre adds: "What it will certainly mean is that first-time buyers, who are in many cases already close to the limit in terms of what they can afford to repay, will be stretched still further."

At the end of the second quarter of 1988, the average purchase price for a home in London stood at £87,400 – 23 per cent up on the same time last year. The average price in the six inner London boroughs is 24 per cent up on last year, at £115,700.

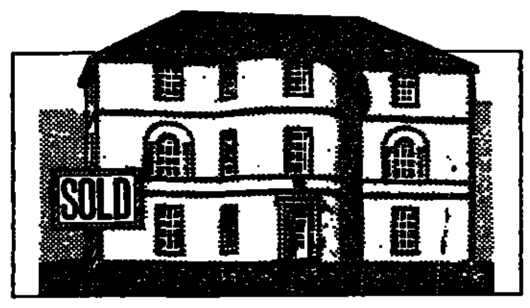
Kensington & Chelsea, averaging £136,500, remains the most expensive London borough; Newham, where the average is £67,400, is the least expensive.

J. B.

Rentals

International Property

Country Property



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A revised Cavalier attitude

Stuart Marshall looks at the shape of things to come from Vauxhall

THE FIRST front wheel-drive Cavalier launched in 1981 transformed Vauxhall's fortunes in Britain.

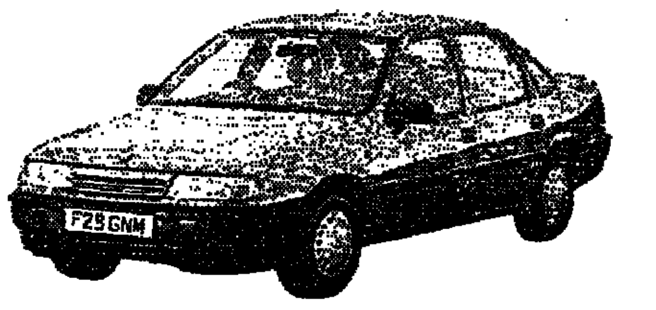
Its successor looks set to do the same, seven years and a million cars later.

Official details announced this week confirm that the new Cavalier is styled rather like the bigger Carlton. It has exceptionally good aerodynamics and a longer wheelbase for more interior space.

Only two bodies are offered: a four-door saloon and five-door hatchback.

There are said to be no plans for an estate car, but the present Cavalier estate appeared rather as an afterthought two years later than the saloon and hatchback. (Volkswagen, which has a new Passat in the same market segment as the Cavalier, has ditched a hatchback altogether and reckons the estate will be a big seller).

There is a choice of seven engines from 1.4 to two litres and including a new 1.7-litre diesel. The 75-horsepower 1.4 replaces the 1.3 used in the present salesmen's favourite, the Cavalier L.



The new Vauxhall Cavalier standard saloon. Longer and roomier, with higher performance and better fuel economy than the present model.

Curiously, the new 1.6 is less powerful (by eight bhp) than the present engine of that size but is more fuel-efficient. The urban cycle consumption of 33.2 mpg (8.8 litres/100 kms) is particularly good for a car of its class. And its wind-cheating shape makes it a little faster (109 mph/175 kmh against 106 mph/170 kmh) than the present model.

There is a pair of new-generation two-litre engines producing 115 and 130 horsepower. The latter is installed in the Cavalier 4WD, which has an advanced kind of full-time four wheel-drive dividing the power front to rear according to road conditions. Early next year the Cavalier GSi 2000, with a 156 bhp, 16-valve engine, joins the range.

Any Cavalier can have anti-lock (ABS) brakes which are standard on the GSi 2000. An improved version of the present five-speed manual gearbox is fitted normally but a new four-speed automatic transmission, with lock-up in third and fourth gears, is offered on cars with the 1.6 and two-litre, 115 hp engines.

Power steering is standard on the up-market Cavaliers. Only the basic models lack a six-speaker radio/stereo tape player and all have new security features to defeat – or, at any rate, deter – car thieves.

Most versions of the new Cavalier go on sale in mid-October although the 1.4-litre models, the diesels and the 4WD will not appear until November. The 2.0i GSi 2000 16v, for buyers with BMW tastes and Vauxhall incomes, follows next April.

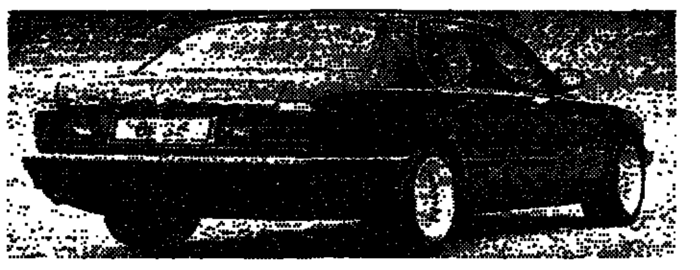
Prices will not be known until just before the market launch but you can be sure of one thing: they will be pitched at a level to take business from close rivals like the Sierra and Montego, Peugeot 405 and Renault 21.

And how does the new Cavalier go? I shall know in a month's time.

AS A RULE, I am not very keen on cars that have been modified by performance specialists. Boosting engine power raises top speed to even more unusable heights and makes them quicker off the mark but, in the past, it often went with poor flexibility. And adapting the suspension to cope with the extra urge did nothing for ride comfort.

However, neither the Janspeed twin turbo-charged Jaguar Sovereign or the Alpina B11 Series-7 (based on a BMW 735iSE) I sampled recently seemed to have suffered in any way.

The Alpina had a fairly heavy clutch but I was aware of it only in heavy traffic. With 260 horsepower under the bonnet compared with the usual 220, it has a potential maximum of 154 mph (248 kmh) against the normal car's 146 mph/235 kmh. It slices a fraction of second off the standing-start time to 60 mph (96 kmh) for the kind of driver who burns rubber at the traffic lights. But what will sensible people (who do not drive, stopwatch in hand) find to be different between the Alpina and the normal BMW 7-Series?



A discreet badge, a deep front spoiler and ultra-fat tyres distinguish the Alpina B11 from the normal BMW 7-series

I noticed even more responsive steering, due to the wider front wheels and tyres, and a seemingly unbreakable grip in the dry when accelerating because the rear Michelin MXXs are as squat as the tyres used on sports racing cars a few years ago. Remarkably, ride comfort is little affected and road noise on coarsely-textured surfaces is perfectly tolerable. Lowering the final drive gearing lets the engine turn a little faster for a given road speed and makes jerkless acceleration in fifth gear possible from under 30 mph (48 kmh).

The only ill-effect of turning a BMW 7-Series into an Alpina is that the smaller, leather-covered steering wheel makes some of the instruments even harder for a tall driver to see than they are in the standard car. Really, the Alpina 3.5 combines cramped super-car performance potential with large-car spaciousness and a vast boot. And you can have an automatic Alpina if you wish (it would be my choice). Turning a BMW 750i or 750iSE into a B11 costs £11,500, plus VAT.

Before Janspeed Engineering of Salisbury, Wiltshire (tel. 0722-21833) fits twin turbo-chargers to a Jaguar or Daimler 3.6 XJ6 or Sovereign, it strips the engine completely. Before re-assembly it is balanced, the compression ratio lowered, and new electronic fuel-injection and ignition systems fitted. The end result is a six-cylinder Jaguar automatic that goes with the pace and turbine-like smoothness of an XJ12 but has the latest body, not the old one.

Janspeed told me nothing had been done to the suspension or brakes of the car I had for a weekend. But I have to say the ride was firmer (and, for sensitive passengers, less emetic) than I remembered of the last new Jaguar I drove. I thought, too, that a shade more pedal pressure was needed to bring speed down.

I detected no turbo lag: acceleration was as immediate, as near silent and even more urgent than the standard car's. If the trip computer was to be believed, fuel economy was little affected at 24 mpg (11.77 litres/100 kms) on a journey. The cost of giving an XJ6 the performance of an XJ12 is £6,500, plus VAT, which includes a Janspeed warranty assurance.

The oasis by the Pacific

Touch of Class: Keith Wheatley finds San Diego addictive

AFTER the post-dollar, pre-nuclear aridity of Los Angeles and the rest of mid-California, San Diego is an oasis. It is an ocean city and America has too few of those. It is also built on hills. One can learn to love an urban freeway more easily if it cuts through a ravine laced with sub-tropical greenery.

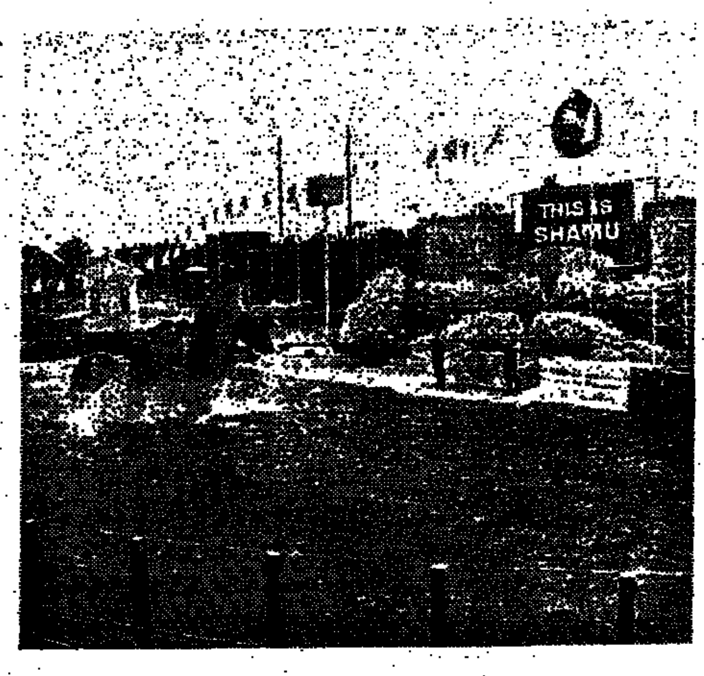
Yet despite the luxuriant foliage and the beatific climate, San Diego is no rest home. It shocks most Americans to learn that the laid-back metropolis is the eighth biggest city in the US. It has a booming aerospace industry, is the Navy's key base on the West Coast and worries continually about whether it is growing too fast.

Few people really know about San Diego because it is on the extreme southern littoral of California, on the road to nowhere. Ten miles over the border lies Mexico, and in American terms that is Nowhere. For most San Diegans the known world stops at "the fence," creating a schizophrenia that can be enjoyable for the casual visitor.

The locals want cheap produce from Mexico. What they don't want is extra potential citizens hiding under the tomato crates. Almost every Mexican wants to share in a world of cheap Ansaphones, where the taxis have doors and "dishwasher" means a machine rather than a labouring job.

Deep down, San Diegans are probably twitchy about becoming another Miami. Their anxiety can produce some rather bizarre incidents. During my visit, Border Patrol officers scouting a beach south of the city were astonished to find themselves arresting four Mexican marines in full battledress and carrying heavy-calibre machine guns. The troops were in pursuit of narcotics smugglers they had been pursuing up the shoreline and had inadvertently crossed over the international boundary.

Irate Sunday morning beach-goers called the authorities the minute they saw a "Mex" presence on Uncle Sam's beach. When the troops tried to head south, public-spirited folk in bathers and bikinis pursued them and made a citizens' arrest. To be fair, the Border Patrol did manage to round up the drug smugglers, but both sets of captives were thrown into the same paddy-wagon. The marines were in the slammer longer than the dope merchants, who soon found a bondsman.



Sea World, San Diego

At San Diego's justly-celebrated zoo, life is much less xenophobic. Life goes on without bars for creatures from every country of the world. A system of moats and split-level terracing enables visitors and beasts to be separated safely without visual interference. Founded just over 60 years ago, the zoo is run by an independent charitable foundation. It is both affluent and scientifically eminent, managing to fund basic research and numerous expeditions from the gate-takings. At $15 for admission it isn't cheap, but then neither is London Zoo, for all its run-down shabbiness.

One peculiarly American irritant is the use of buses within the zoo. Most fit adults could walk the 100 acres of landscaped grounds within a couple of hours, but the majority of visitors seem to prefer to queue for anything up to 90 minutes to take a "viewing bus."

To have one of these double-deckers – complete with raucous commentary – scrape past one's backside as one leans over a rail to contemplate the snow-white pyschopath that is the adult polar bear could drive anyone to thoughts of murder. On the plus side, a special "rain forest" has been created for the tigers where no buses can penetrate.

Balboa Park, home of the zoo, is the glorious core of San Diego. It is about the same size as London's Hyde Park and Kensington Gardens – a mixture of rolling meadow and soaring trees, many of them eucalypts imported from Australia. Balboa houses museums, art galleries, theatres and sports stadia.

The aeronautical museum is especially good, for San Diego is the home of naval aviation. The first seaplane flight took place in the harbour, as did the world's first landing on a ship: the birth of the aircraft carrier. One hall of the museum is a reconstruction of a carrier's flight deck, complete with real US Navy personnel to show visitors around. Also enjoyable are the First World War tableaux in which dummies in period uniform man improvised airfields.

The museum is not the only place to see aeroplanes suspended on wires. Walking through the Happy Valley shopping mall, a perfectly agreeable if unexciting piece of suburbia, the eye was caught by a full-size Pitt Special stunt biplane in the shop window.

Called The Wild Blue Yonder, this store is the first in the US devoted exclusively to the paraphernalia of recreational flying. Based on the sound premise that anyone who can afford to fly for fun is not short of disposable income, the merchandise is both chic and expensive. First editions of Chuck Yeager's story, *The Right Stuff*, jostle for shelf space with carbon fibre aeronautical sextants and multi-pocketed flying suits by Calvin Klein.

If it all sounds just too high-tech, "jel cut" – as they would say up north in LA – amid the Victorian splendours of the Hotel del Coronado. One of North America's great hotels, the "del," as every local calls it, is celebrating its centenary this year.

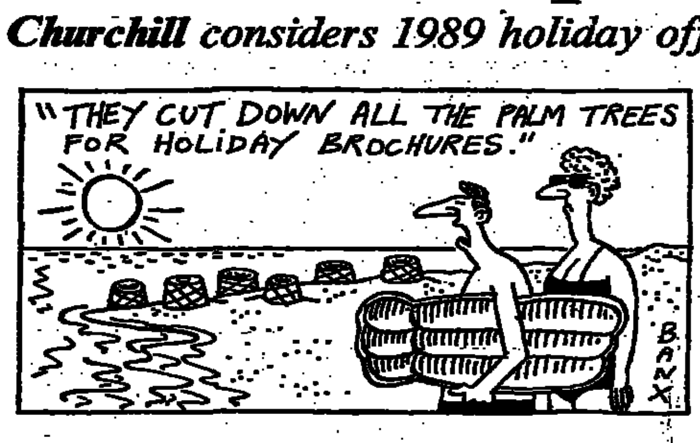
Its 33 beachfront acres on the Coronado peninsula contain an architectural masterpiece that is said to have inspired Frank Baum's designs for the Emerald City in the *Wizard of Oz*. Tony Curtis and Marilyn Monroe had fun filming *Some Like It Hot* there. At $145 for a room with a view of the city, everyone should stay there once.

The Prince of Wales, later Edward VIII, stayed there in 1920. He met Coronado housewife Wallis Simpson in the ballroom and when they met again in London, thrones moved. San Diego is like that. Once it gets into your life it is hard to shake off.

Brochure season opens early

David Churchill considers 1989 holiday offerings

NEXT WEEK the major overseas package tour operating companies will start launching their main summer 1989 holiday brochures with all the usual razzmatazz the travel trade does so well.



Thomson Holidays, Britain's biggest tour operator which last week became even bigger with the £75m takeover of Horizon, will lead the way with eight brochures out next Wednesday. Its arch rivals Intasun and Redwing are likely to launch around the same time.

These brochure launches may seem earlier than usual – and they are. The days when the summer selling season started on Boxing Day are long gone.

Last year Intasun that reaped the benefits of launching its main brochures in mid-September – ahead of its rivals – and stole a march on Thomson with some very keen childrens' prices.

This year nobody wants to miss out on the early booking market – so much so that the tour companies have already put out some limited brochures for next summer as a sort of "spoiling" tactic.

Thomson appears to have had the best of these early exchanges so far with its brochure offering special child reductions for next summer.

But there is little doubt that the 1989 holiday hype has rather a sour tang to it this year.

When the likes of Sir Gordon Borrie, director general of fair trading, publicly accuses the tour operators of "ripping off" holidaymakers over fuel surcharges – and issues a lengthy report criticising the level of service in the travel trade – then something is clearly wrong with the business of selling packaged sun.

But what may finally have radically altered the way in which the package holiday market develops over the next few years has been the massive media publicity surrounding airport delays both in the UK and in the Mediterranean.

Holidaymakers who spend both ends of their journey being herded around airports like cattle are beginning to expect something rather better from their holiday.

Not surprisingly, the tour operators are finally beginning to take note of consumer dissatisfaction – although they still maintain that such problems are the exception rather than the rule.

The forthcoming clutch of holiday brochures will bristle with no-surcharge guarantees and positive statements that airport delays will be just a memory.

Already Redwing Holidays, the third largest tour operator in which British Airways has a 50 per cent stake, has guaranteed to pay its customers £100 next summer if their flights are delayed for more than 12 hours. Expect something similar from other tour companies.

But the key question about the brochures will be the price levels. Prices in general are already set to go up by about two per cent to meet the requirements of the no-surcharge scheme worked out by the Association of British Travel Agents with the Government.

And most operators will probably be looking for at least a further 2 per cent rise across the board to improve margins and compensate for losses this summer caused by airport delays. Such a general level of increase, however, will be well masked by the special offers hype for early bookers.

Harry Goodman, the ebullient head of the International Leisure Group whose main tour operating company is Intasun, is threatening to put a million extra holidays on sale next Summer if Thomson is allowed by the Monopolies and Mergers Commission to take over Horizon.

Trade estimates suggest that if Intasun did so – and undercut Thomson by about £10 a holiday – then the extra volume generated will be the equivalent of adding Horizon to Thomson, but at far less than the £75m paid by Thomson. Watch this space.

Worth it for the food alone

Weekend Breaks: Michael Coveney finds a treat on the south coast

IF YOU were unfortunate enough to be stuck on the south coast of England somewhere between Brighton and Deal – at Eastbourne, say, or Bexhill-on-Sea – you might well despair of finding somewhere better than decent to sit down, let alone have a good meal or stay the night. But something quite new and exciting is happening at St Leonards-on-Sea – would you believe – just outside Hastings.

St Leonards was the first purpose-built English seaside resort, and its focal point in the mid-19th century was the Royal Victoria Hotel designed by James Burton. Like so many of the once-proud, white, wedding-cake edifices around Britain's coastline, it fell into decay and was rescued from years of neglect only in 1986.

Two entrepreneurial cousins in the approved Thatcherite mould – one a builder, the other a banker – have sensed an up-market need for a spot of luxury with the coming of the Channel Tunnel (Folkestone, where it emerges, is 50 miles away but Hastings and St Leonards are right on the main south coastal road along which much tunnel traffic is expected to pass).

In a £2.2m refurbishment programme, the Royal Victoria's original 106 bedrooms have been transformed into 60 suites. Half of them opened in April and May, the rest will be ready by September 1. A gymnasium, saunas and other leisure facilities will open later in the year. Suitably enough, the Conservative Party has booked 50 suites there for the VIP overspill from its annual conference at Brighton in October.

If I was a Norman (Tebbitt or Fowler) or a Willie (Waldegrave or Whitelaw), I would deem it most appropriate to be nearer the Battle of Hastings than Brighton. I would be 35 miles safely out of earshot each night and I would have the bonus of a first-class French restaurant in which to console myself.

There are not many British hotels to which you go for food, and none at all previously in this part of the world. The Royal Victoria is changing all that with an exceptional menu under the direction of Antoine Jalley. The cooking is exquisite, the presentation delightful. No nouvelle cuisine nonsense but fine hearty portions of red mullet, or roast duck, or veal in champagne on a bed of spinach. With excellent house wine, you can eat like a pampered lord for £25 a head.

Most of the staff are French. All are gracious, tactful and co-operative. A pianist plays jazz and classical medleys while you sip coffee and liqueurs in the lounge adjacent to the first-floor dining room. The clientèle was easily outnumbered by waiters on a Friday night late in July but business picked up on the Saturday when many of the diners were French – no doubt amazed to find such a place.

This stretch of the coast will be transformed over the next few years. Hastings town centre today is horrid, resembling nowhere so much as Ilford, with seagulls. But a £60m redevelopment is on the way – putting paid, unfortunately, to the charming cricket ground.

Old Hastings is rich, as they say, in tourist attractions. The White Rock Theatre houses a fascinating Domesday Book exhibition and the Hastings Embroidery, a modern-day Bayeux Tapestry, is a vivid depiction of great events from British history commissioned to commemorate the 900th anniversary of the Battle of Hastings in 1966.

And from Hastings you are well set to visit Battle Abbey, six miles inland, which William established after his accession on the site of his victory. I was completely unprepared for the scale and splendour of this atmospheric ruin, which is spread out like an illustrated map on rolling countryside. Rye and Winchelsea, ancient Cinque Ports, are nearby towns worth visiting, and anyone progressing from this part of England to the capital must swell the milling throng at Sissinghurst Castle to see Vita Sackville-West's garden.

■ *Royal Victoria Hotel, Marina, St Leonards-on-Sea, Hastings, East Sussex TN38 0BD. Tel: 0424-445 544. Suites from £55 to £98.50 a night. Weekend breaks (with dinner) £95 pounds a person. Seven nights (with dinner) £320 a person.*

DIVERSIONS

Across Austria's roof

***Richard Gilbert** goes walking in the High Tyrol*

FOR MANY of us, holidays mean just one thing: mountains. Not for us the life of idleness on Mediterranean beaches; we crave the bracing air and the physical challenge of the hills. My wife and I camped in the Cuillin of Skye when our first-born was just 11 weeks old, and we have not missed a mountain holiday since.

However, much as we love the Highlands the mists and midges of the summer months can pall and, in recent years, we have found solace in the High Tyrol of Austria. Mountain walking is Austria's national sport and, throughout the principal mountain groups (Stubai, Zillertal, Oetztal, Vorarlberg, etc), a series of huts are linked by a network of paths. These huts are solid constructions of stone and timber, built in prominent positions on rocky spurs high above the valleys. They welcome visitors and provide warm hospitality; no one ever is turned away and pre-booking is unnecessary.

The Stubai, in particular, is accessible easily from Innsbruck by bus or train; and it is possible to plan a two-week walking holiday through the mountains without ever descending below 7,000ft or seeing a road. The busy valleys are left far below to be replaced by perfect peace.

The narrow, winding paths that rise from the valleys and link the huts are easy to follow. They contour steep hillsides and boulder slopes and cross high cols where new peaks and glaciers burst into view constantly, yet the walker is never far from a reassuring marker cairn or red-blazed rock. Steep sections are made safer by fixed cables, and anyone with experience of hill walking in Britain would have no trouble following them. Certain hut-to-hut routes do cross snow fields, in which case ice axes should be carried as a safety precaution.

In July and August, we have enjoyed mostly brilliantly sunny and warm days in the Stubai, and have found the high pastures to be ablaze with alpine flowers: the snow gentian, alpine rose, Christmas rose, yellow mountain saxifrage and countless others. From the cols, we have gazed across Austria to the Swiss Alps and the Dolomites.

Early rising is the norm in alpine huts, but this is no hardship in the invigorating air. About four or five hours' walking will bring you to the next hut and you will have time to pause to watch the marmots playing among the boulders and, if you are lucky, chamois skipping deftly along the exposed ridges. With its snowy peaks set against a blue sky, bubbling streams, flowers and butterflies, the Stubai reinforces the romantic image of the Tyrol portrayed in *The Sound of Music*. Once at the hut you can sit on the terrace, soak up the sun and marvel at the panorama of mountains.

We usually settle for the traditional, communal, *Matratzenlager* accommodation where mattresses, pillows and blankets are provided. But, if you are put off by snoring neighbours, beds with clean sheets are available in smaller rooms for an extra charge.

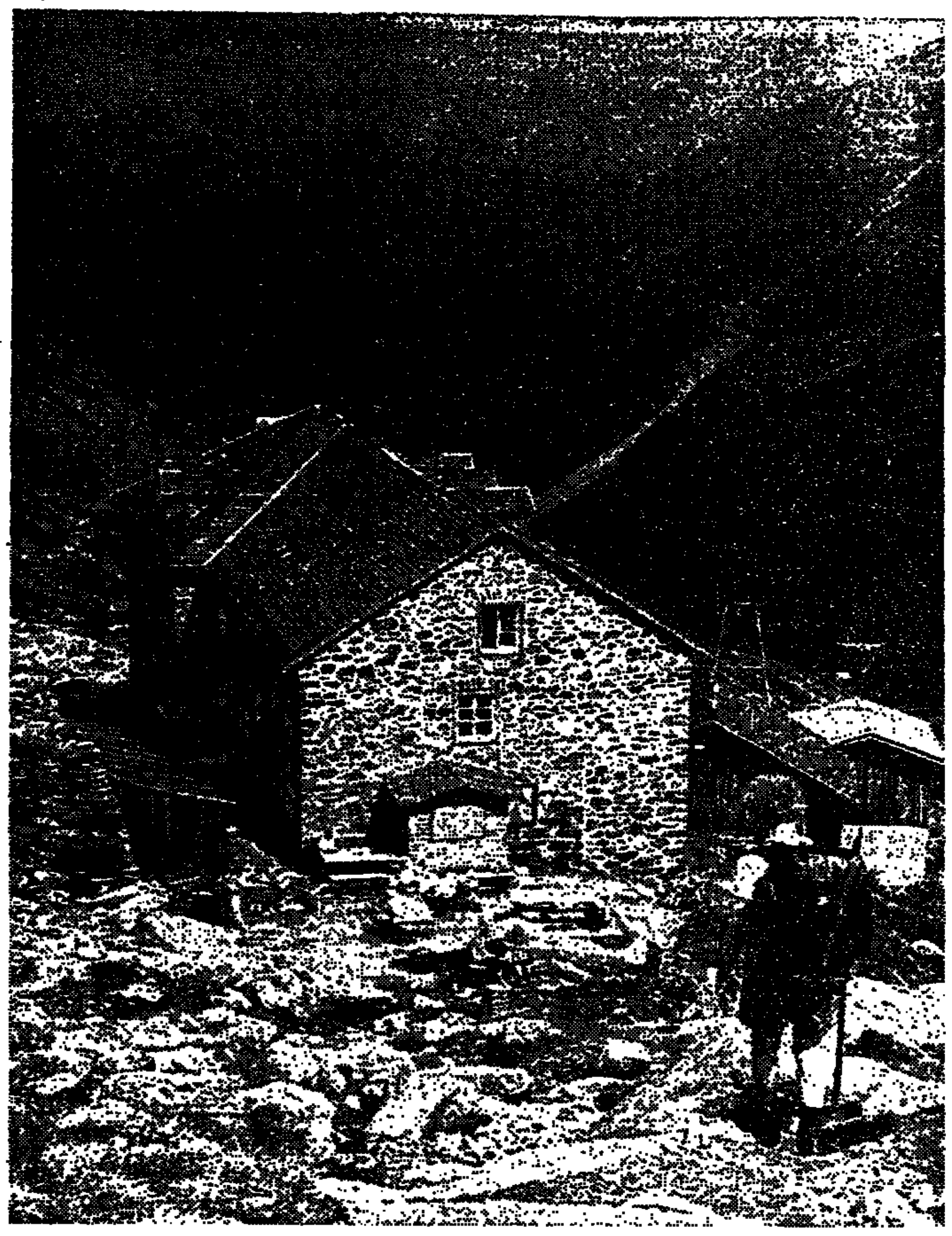
The hub of hut life is the *Gastube*, a haven of companionship and warmth thanks to the large, tiled stove pumping out heat. Here, food is served that is surprisingly varied and cheap considering that supplies may have to be carried up from the valley by pony. We often choose the climbers' high-calorie meal, or *Bergsteigeressen*, exceptional value at about £2; but other menus include soup, Wiener schnitzel, wurst, pasta and salads.

Basic food for breakfast and lunch – bread, butter, jam, cheese, salami and chocolate – can be bought at most of the huts. Although coffee and tea are expensive, it is accepted practice to use your own tea bags and coffee powder, and to buy hot water (*tee wasser*) from the hut proprietor. While in the mountains we lived on about £10 a day each, but it is false economy to carry too much food. A heavy backpack saps strength and reduces vastly the pleasure of mountain walking.

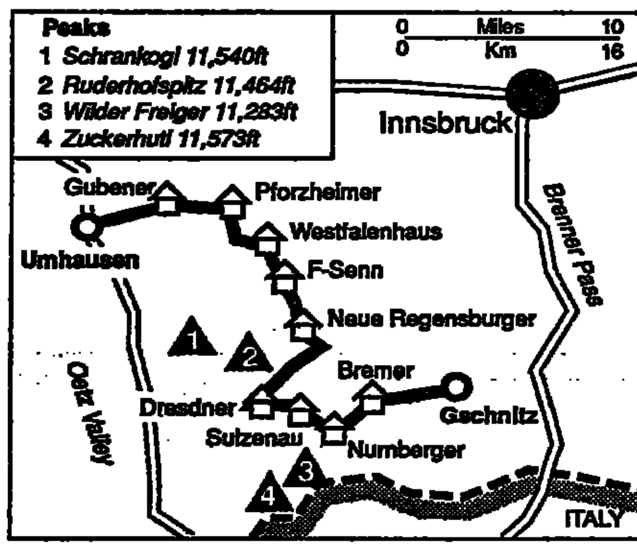
Last year, we crossed the full breadth of the Stubai from Gschnitz, near the Brenner Pass in the east, to Umhausen, in the Oetz valley in the west, staying at nine different huts on route. Variations, however, are endless and shorter expeditions can be planned easily by descending to one of the several narrow valleys running into the Stubai from the north.

It is well worth joining the UK branch of the Austrian Alpine Club, for this entitles you to half-price accommodation in the huts and preferential allocation of beds. The AAC offers a comprehensive list of maps, guidebooks and recommended routes. The address is: Austrian Alpine Club, 13 Longcroft House, Frethern Road, Welwyn Garden City, Herts AL8 6PQ.

Perhaps the best way for an inexperienced party to sample the Tyrol is to join a guided party organised by the AAC. In this way, the responsibility of route-finding, and any doubts over the weather or terrain, can be left to a guide who has intimate knowledge of the mountains and the problems that can confront a newcomer to the Alps.



One of the many huts in the Stubai region of Austria's High Tyrol.



Where West is best

A MIDDLE CLASS Burmese might well drop by a Rangoon hamburger store if the fish and chip shop is closed, hire the film *Wall Street* for his smuggled video player – bought from a black marketeer whose shop is rented from the state – fill a tumbler with Johnny Walker Black Label whisky and kick back for a dose of socialism, Burmese-style.

While the country's leaders may have looked East for ideological inspiration after independence from the British in 1948, the people now struggling for political change have decided already that, materially, the West is best. That is, the young have. Older Burmese, after a life in trade or politics, are just as likely to eschew material possessions and retreat to a life of piety around a pagoda bedecked in jewels and gold.

"Modern Burma," if that is not an oxymoron, defies generalisation. It is not the peaceful, timeless mystery land of Buddhist mantras and pagodas; 40 years of insurgencies, a millennia of ethnic conflict and, most recently, the army's bloody suppression of student-led demonstrations, has ended that illusion.

Nor is it the smoothly-run, centrally-planned system – poor but happy to sacrifice material progress in order to retain traditional values – that Ne Win, the leader for 26 years, would like us to believe. Hamburgers, and Ne Win's idiotic economics, put paid to that.

Perhaps because of its quirky isolation, Burma has a peculiar allure (aside from its sometimes stunning beauty). Rudyard Kipling's British soldier in the poem *Mandalay* had earthy motives for wanting to be shipped "somewhere east of Suez" to his "sweeter, neater maiden in a greener, cleaner land." Kipling stayed only one week in Burma – and never visited the Moulmein pagoda – but managed, with flying fishes and tinkly temple bells, to capture something of what the country might have been.

Arriving in Rangoon is like stepping back in time, even if you ignore the left and right hand-drive cars dating back 20-30 years. The downtown area around the Sule pagoda was planned with a military precision after sweeping nationalisation by the British in the 1850s. It has a classical Indian Colonial style that isn't quite Lutyens but could be.

It is like a miniature Calcutta on an exceptionally quiet day, the lettering of past famous names still peeping through the peeling paint of buildings constructed as though the empire would never end. But where, at 9 am on a weekday, Calcutta is a mad scramble of buses and beggars, much of Rangoon usually is disturbed only by the occasional tinkle of bicycle bells.

Beneath the grime and the crumbling facades of the British colonial architecture is a black market underworld that, at times, seems to dwarf the official "white" market. In many ways, it explains why this put-upon people has kept going for so long in Ne Win's arcane system. Over sticky tea laced with condensed milk, my driver explained how he had given up teaching to drive a taxi. He earned too little so, one day, he slipped over the border into Thailand to buy second-hand car parts. He smuggled them back, paid off the Karen "insurgents" and the army on the border, and sold them for a 200 per cent profit – enough for a down-payment on his cab.

It is not an unusual story. The black market is so well-established that, before entering a government hospital for an operation, you must go to the market to buy your anaesthetics.

While Burma's isolation has brought its tragedies, it also has left Rangoon breathtakingly romantic. At night, the golden Shwedagon pagoda shimmers like a beacon, drawing the eye and silencing tongues, while the night air is alive with the call of geckos and crickets. Only recently has this calm been broken, first by the jubilant shouts of people who had taken over the streets from the army for the first time in decades, and then by the terrifying, tinny chatter of automatic rifles.

It is all rather sad. Walking barefoot up the steps to the Shwedagon pagoda, past the lines of stores selling temple paraphernalia, past the spittoons for the betel juice, and past the soldiers (also barefoot) guarding this symbol of Burmese life (from what? the Burmese people?), my taxi driver-teacher had no doubt who and what was to blame for Burma's problems: "I think it is like this in every socialist country – everything only for the leaders."

Richard Gourlay

Orkney's monumental legacy

*Windy islands are an archaeological treasure, says **Gerald Cadogan***

THE WIND was blowing hard as we landed at Kirkwall, in Orkney. It continued to blow throughout our visit. But then, it is the wind that gives Orkney its treeless, peaty and very beautiful look. The peat, and the sand dunes, preserve the best prehistoric remains in Britain, except, possibly, for Wiltshire.

Six thousand years ago, there was less wind. There were woods of birch and alder when man first crossed from Caithness, probably by coracle, bringing animals to graze and seed to sow. Around 3,000 BC the wind quickened, the climate worsened and the trees vanished. The blanket of peat began – and continues – to grow. As peat and poverty have prevented development, so they have preserved a huge amount of prehistoric, Pictish and Norse remains. The islands are crammed with monuments.

The heart of early Orkney is a group of great megalithic monuments that, for archaeology, match Stonehenge and its surroundings. For setting, they beat Wiltshire hollow. At either end of a causeway between lochs are stone circles, the Stones of Stenness, in a meadow, and the huge Ring of Brodgar (103.7 metres in diameter) on slightly higher ground in the heather.

Near Stenness and Brodgar are isolated standing stones, while there are chambered tombs of royal quality at Unstan and Maes Howe. The bare hills – heather, water and silence – give power and poignancy to these extraordinary efforts by early man to make order of his world.

Unstan and Maes Howe are good examples of the two main types of chambered tomb in Orkney. You enter each by a passage on hands and knees. At Unstan, you come to a narrow chamber which is divided into stalls by upright slabs. This is the more common type. At Maes Howe, the passage leads to an open, rectangular chamber with side chambers set in the walls. No visitor must shirk crawling into the tombs. If you look at them only from the outside, you will miss a lot.

Maes Howe is one of the seven wonders of ancient Europe, as thrilling in its use of space and skill in masonry as the Treasury of Atreus at Mycenae and well over 1,000 years older. At the winter solstice, the low sun shines in to light up the tomb chambers. The building is a marvel. The size and tailoring of the blocks for the corbelling and side chambers, the tapering pillars that front the corner buttresses, and the huge slabs around the entrance passage make you wonder at early man's skills.

In the 12th century AD, Norsemen and crusaders sheltered from storms in Maes Howe and wrote on the walls. This is the best collection of runes in the Northern Isles and tells us about them and their women and their treasure and the scribes who wrote the texts. They also carved an exquisite walrus, dragon and snake knot on a corner pillar.

The most remarkable stalled tomb is the Tomb of the Eagles at Isbister in South Ronaldsay, reached by crossing the Churchill Barriers built by Italian POWs to keep U-boats out of Scapa Flow. (You pass also their Italian Chapel, a labour of love and improvisation and well worth a stop.)

A farmer, Ronald Simison, excavated the tomb himself. He spotted it first when looking for rock to make corner posts for his fences. He saw a horizontal layer in the cliffs on the edge of his property and knew it had to be man-made, as all the natural layers sloped. It turned out to the courtyard outside the tomb where bodies were put out on trestles so the birds could pick off the flesh. The bones were then taken inside, the skulls separately.

Since the tomb's discovery, the remains of 342 people have been identified, 94 of them children. Under the floor, put there presumably to ensure the well-being of the building, were bones from 15 people mixed with bones of the white-tailed sea eagle. Elsewhere in the tomb there were more eagle bones – the symbol of the tomb's clan? (Another tomb on Orkney had dog's skulls).

The farmer's daughter was the guide and she took us first to a burnt mound on the property, a dump of burnt stones of which there are many in Orkney and Shetland. It is next to a Bronze Age house that has a central stone box, lined to hold liquids. It was full of stones split from heating.

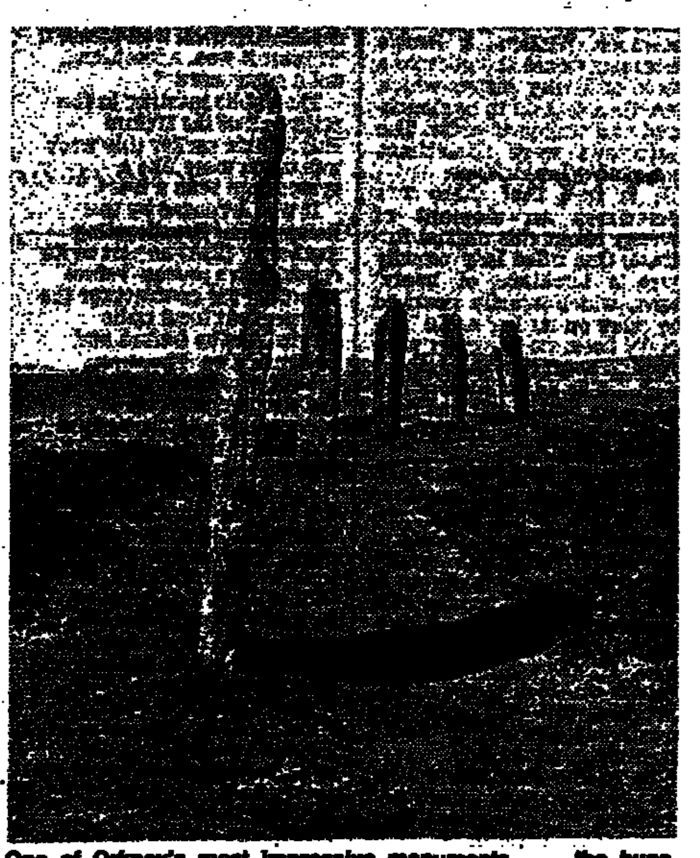
Why? The usual explanation is that the stones are "potboilers." As there was no container strong enough to put on top of a fire, stones were heated and thrown into the box to cook meat stew in it. After use, they were tossed on the dump. But there is another possibility. Burnt mounds are always beside burns, Could it be they were for steaming prehistoric sauna baths?

The best-preserved early houses were found hidden in the sand of Skaill Bay on the west side of Orkney at Skara Brae, by the Kitchener Memorial on Marwick Head. A group of houses with passages between, and a drainage system, form a small Neolithic village that is another wonder of ancient Europe.

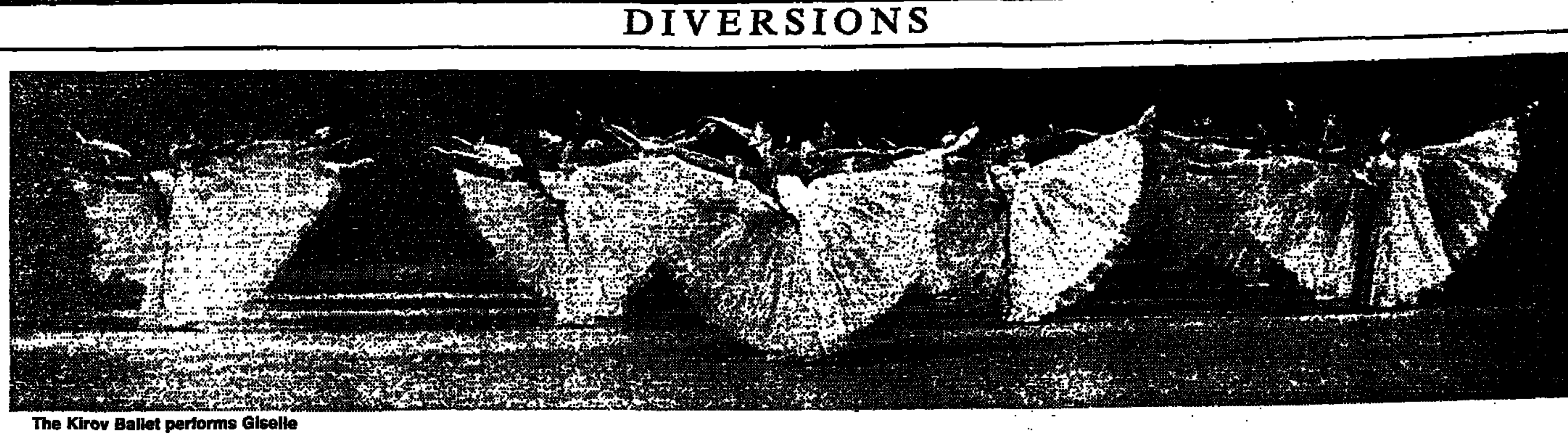
The buildings are round, with thick walls and a central hearth which might have been open to the air to let out the smoke. Around the walls are compartments, like the stalls in the tombs; they are known as beds, but may have been daytime quarters as well.

Gordon Childe dug Skara Brae more than 60 years ago, and more houses of the type are being unearthed in a dig at the Neolithic village of Barnhouse. It is preserved less well than Skara Brae but looks as if it was richer, which is not surprising as it is next to the Stones of Stenness. The largest house (a chief's?) is larger than Skara Brae's biggest; there is better flint, and stone axes from as far as Oban.

A unique building, perhaps a house-like tomb, was appearing as we stood in the wind whipping over the Loch of Harray. What is it? That must wait until 1989. But, for the first time, a village is being dug that went with one of Britain's great prehistoric cathedrals. Stonehenge and Avebury have never offered that combination.



One of Orkney's most impressive monuments . . . the huge Ring of Brodgar, which measures 103.7 metres in diameter.



The Kirov Ballet performs Giselle

Moscow raises the cultural curtain

***Antony Thorncroft** examines the reasons for the torrent of Soviet artists touring in the West*

THE RUSSIANS are coming! Well, to a great extent they have already gone, crossing the country like a swarm of genial locusts and then off to their next stop. This month has seen an unprecedented invasion by Soviet artists. Britain has had the Kirov Ballet and the Moscow Classical Ballet; the Russian State Circus and the Red Army Ensemble; the State Orchestra of the USSR and the Georgian Film Actors' Studio.

These are not minimalist performers. Apart from the actors, they have been appearing in the largest venues in the UK and have done good business. Why this sudden influx? Can it all be put down to that useful word *glasnost* or are other forces at work?

Undoubtedly, the Soviet government sees the arts as a vitally-important form of soft propaganda, capable of projecting a friendly, civilised, upbeat image to the world. Even when East-West relations were cool, the leading Russian artists were performing abroad. Victoria Charlton of the Entertainment Corporation, which has come to dominate the market in presenting Russian companies in the West, puts the great breakthrough seven years back. The flow has increased since Mikhail Gorbachev came to power; but of more significance has been the change in the circumstances of those appearing in the West.

Ten years ago, a top Russian dancer immediately handed over to a state functionary the lavish fee she received for appearing on American television. However, one of Charlton's more tiring tasks while superintending the Kirov and Moscow dancers this month has been to accompany them to electrical stores to buy the most sophisticated video recorders — which they specify by brand, price and additional gadgetry. At least two principal dancers have acquired Mercedes cars while in the UK. The artists are paid their regular Soviet salaries (very high by local standards) and also get British fees and have their living costs covered, thanks to tour sponsorship by companies like Mount Charlotte Hotels.

It is an unprecedented opportunity for them to become rich — and for the Soviet government to earn hard currency. This is as important a factor as cultural prestige in allowing the leading companies to play overseas. The hard currency reserves of the Soviet Union grew by £1m when three companies — the Kirov Ballet, the Moscow Classical and the Circus — performed in London this month. As a result, they tend to go on tour for longer and longer periods, invariably including the US where the financial returns are much greater.

Not surprisingly, there are mutterings among the ballet-lovers of Moscow and Leningrad that the best dancers spend up to half the year away from their home stages. The Soviet authorities are becoming aware of this domestic disgruntlement. In addition, the length of the tours is starting to affect the performance of some of the artists, in particular the dancers.

Foreign tours still are arranged through Goskoncert, which has earnt a bad reputation for obduracy and insensitivity. But now the Ministry of Cultural Affairs is playing a significant role in negotiating contracts and, according to Charlton, it takes a more realistic view of touring costs in the West. Soon, a number of official agencies could emerge in the Soviet Union, each representing different companies and individual artists, and the monopoly of Goskoncert would disappear. Its mishandling of the National Theatre's tour of the Soviet Union this summer, when the sets failed to arrive in Georgia because of a transportation mix-up and the company's hotel in Moscow was found to be double-booked, caused considerable reverberations in the Soviet Union. Mistakes were admitted and apologies made, an unprecedented development.

Perhaps of equal significance in the new environment is the desire by the Soviet authorities to see just what the West can offer. It is a two-way stretch. After the National Theatre, the English National Opera was invited, and the Russians are now prepared to pay hard currency to see Western artists. They also make no elitist distinctions between rock stars and ballet dancers: both appeal to the same sensation-hungry audiences. This weekend, Big Country and Steve Hackett are among the British pop stars appearing in the first international rock festival in the Soviet Union, at Tallinn in Estonia. This week, too, a new publication, *Our Heritage*, about Russian cultural life, became available in the West. It is among publisher Robert Maxwell's East European initiatives.

This greater flexibility already has enabled certain artists, such as conductors Gennady Rozhdestvensky and Yuri Temirkanov, to negotiate their own contracts with Western agents. They also have been able to determine their concert programmes: traditionally, Moscow has controlled the repertoire. The main impact of glasnost on Soviet artists has been the growth in their bargaining power at home over their trips abroad, although to date this power is restricted to a few big names. But the Soviet government, and Goskoncert, will still act as agents for most artists.

The Soviet companies tend to be offered to foreign promoters at various price levels, with the Bolshoi and the Kirov commanding the top rate followed by troupes like the Moscow Classical and the Circus. In the past some companies, like the Kirov Opera, were so expensive to book that the Western promoters invariably lost money on the deal. They persevered because of future bookings. But the Entertainment Corporation far exceeded its 65 per cent audience break-even target on the two dance companies and the Circus it brought over this month and, helped by extras like video sales, does very well out of its Russian links.

Its main problem is a shortage of large venues in the UK. For the Moscow Classical, it had to convert the Business Design Centre in Islington, north London, into a rough and ready auditorium. It is pressing on urgently with plans to lease a planned 3,400-seat theatre on a site on the South Bank of the Thames alongside the refurbished County Hall, and hopes to be booking Russians there from 1992.

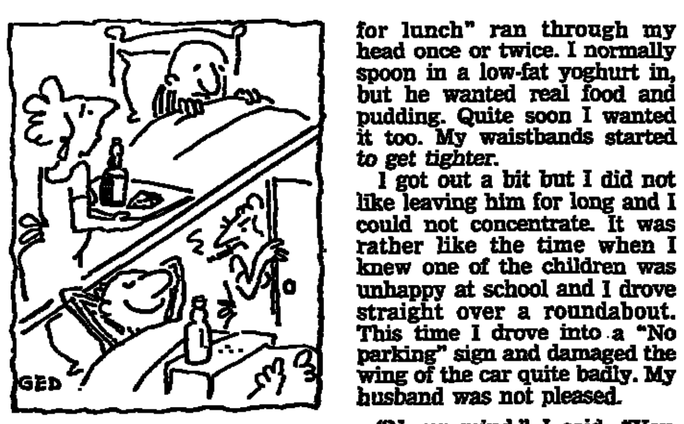
Much more flexibility is entering into the negotiations between Western agencies and the Russians. The Entertainment Corporation arranged a sophisticated deal over the Moscow Classical Ballet which involved commissioning a new, £275,000 production of *Swan Lake* from Tim Goodchild. This will tour the world, with both the dance company and the Entertainment Corporation earning royalties, and will not be performed in Moscow for a couple of years. The Soviet Union has also become aware of what can be earnt through royalties from videos.

There is, however, more potential for change than actual change. This week, Joeske van Walsum, of the Ibbs & Tillett agency in London, took on the international management of its first Soviet musician, conductor Arnold Katz of Siberia's Novosibirsk Philharmonic. Entrepreneur Harold Holt also represents a few Russian artists in the West. But progress is painfully slow, and only when there is someone planning their career in the wider world can the artists make decisions about their destiny. At the moment, the control of Goskoncert is almost *total*. Virtually all artists require visas to work abroad; and while there are forces for change in the Ministry of Culture, there still are entrenched obscurantists.

Soviet artists can hold on to more of their foreign earnings (in the past, they had to pass over half or more to the authorities); there will be more overseas tours, for prestige and currency reasons; and there is even the chance of a free market in negotiating the terms of engagements in the West.

For better or worse

***Sandra Burbidge** finds invalidism trying*



MY HUSBAND thought that of all the people who had operations, only about 10 per cent survived. In all his 40 odd years he had never been in hospital, never had an anaesthetic, and certainly never been under the knife. I knew he had a hernia when he described the pain and showed me the swelling.

When he heard that the remedy was a knife job and a few days in hospital, he went very pale and quiet.

I was very un-understanding and unsympathetic — after you have had babies everything else is easy — and I was hugely envious of his three days in a private room with television, telephone, no children, no meals to get, and lots of caring nurses. I kissed him goodbye, he thought for the last time, and left him with what I hoped were reassuring words.

I visited him a few hours after his operation, expecting to find him pale, drugged, perhaps dribbling a little and in a darkened room.

He was sitting up, having eaten a three-course supper, reading the paper and flicking the television channels around so that he could watch Terry Wogan and the news simultaneously.

He was thrilled to be unexpectedly alive. He said that I could have a new car and that he thought he would be back in the office in a few days.

Next day was not quite so good; euphoria and the anaesthetic had worn off and he hurt a bit, but they said he could go home the following day, which pleased him. The sister said that he must not think of going back to work for at least three or four weeks. This was a bit of a shock to both of us.

I helped him into the car and drove him home. He did not want the delicious little invalid lunch I had prepared for him, as he had had a delicious little lunch in the hospital at 11.30, so I ate it myself, sat him down in a comfy chair and tried to stop the dog jumping onto his lap.

I was very sympathetic and understanding and brought him his pills at regular intervals and took the phone calls from well-wishers and ushered his visitors in and out and brought them coffee and drinks.

I did not realise how having a man at home alters your life. He did not want breakfast in bed, as he was not very comfortable eating in the "in bed" position, so I got him up after I had cleared away the children's breakfast and driven them to school.

Getting him up involved going down on my knees to put on his shoes and socks as he could not bend.

Then we did the Telephone Race. Despite the fact that he could only shuffle slowly, he always won because I was still clearing up second breakfast. On the one occasion I did manage to pick it up between his calls, the extension was picked up and put down so many times and the accompanying sighs became so much more audible that I decided it was easier not to communicate with the outside world.

Coffee came at 11 — well, not really coffee — he rather took to a glass of Madeira and a slice of fruit cake. I rather took to it as well.

I would sit with him thinking I was breaking up the monotony of his morning, but he was on the phone continually, and my presence did nothing much, except perhaps inhibit him. He did once have time to say "Do you have to smoke?" between his calls, and on another occasion he said how much nicer it was running the office from home.

And we had to have lunch. "For better or worse but not for lunch" ran through my head once or twice. I normally spoon in a low-fat yoghurt in, but he wanted real food and pudding. Quite soon I wanted it too. My waistbands started to get tighter.

I got out a bit but I did not like leaving him for long and I could not concentrate. It was rather like the time when I knew one of the children was unhappy at school and I drove straight over a roundabout. This time I drove into a "No parking" sign and damaged the wing of the car quite badly. My husband was not pleased.

"Never mind," I said, "You said I could have a new one."

"I don't remember saying that," he replied.

It was difficult settling into anything at home, and I rather hung about. He got quite the wrong impression of my life and thought it was very tedious and dull. I began to feel rather the same. On one really bad day the smallest child arrived home about four. I nearly fell into his arms.

"Will you come and have a game of tennis with me after tea?" I begged.

"Sorry," he said, "it's my paper round and then I'm going to film club."

I felt defeat.

My husband improved dramatically after he had his stitches out; he felt a lot better and could put on his own socks. His secretary came every morning and his directors came for lunch.

It was quite a busy time and, dashing out to buy more gourmet food, I managed to drive the car into the garage door and broke the side light and ripped off the bumper.

He felt better but tired quickly. He started to go into the office about mid-morning and returned about four.

I had finished the Madeira long since, so could only give him tea with the fruit cake, but could afford lots of sympathy — I had after all got my phone back, more or less. I missed having him there, but it was nice to have my life back again.

I was shocked to realise what an intolerant person I must be. How do people cope with retirement?

Collecting

Truly deadly decor

Deer oh deer: German chair *made from antlers*

FORTUNATELY PERHAPS, time, moth and changing tastes have probably effected the extinction of much of the furniture created by George F. Butt, FZA, in the latter part of the 19th Century. When, from time to time, one of his grotesque inventions, adapted from the corpses of wild animals, does find its way into provincial sale rooms, however, it is nowadays likely to command a formidable price: the 1980s share the late Victorians' taste for the eccentric and bizarre.

Mr Butt, who traded in Wigmore street was what was then described as "a naturalist." Until the 1870s, his profession was more precisely described as "bird and beast stuffing," while the grander term of "taxidermist" only came into common use later. Butt's most respected rival was the long-lived firm of Rowland Ward, "naturalists by appointment to Her Majesty the Queen, gold medallists for artistic taxidermy," whose headquarters were at "The Jungle," 167 Piccadilly.

Butt, however, brought a new fantasy to the craft. He was first inspired, he recalled, in the 1860s, when ladies of fashion took to ornamenting their hats with whole grouse and pheasant. "In those days, more game was worn than was eaten," Mr Butt gravely told a newspaper reporter years later, "and not merely the wings, mark you, but the whole bird from head to tail."

Mr Butt moved on to jewellery made from the claws of tigers and bears, inkwells from the hooves of thoroughbred horses, and ostrich-leg doorstops, but then graduated to chairs supported by the four legs of a zebra or rhinoceros.

Moving to yet bigger things, he received a commission to stuff a huge brown bear, which the Prince of Wales had shot while visiting his Russian cousins. The animal was arranged in a standing position, obsequiously holding a tray for glasses. It stood for years (and may indeed still stand) in the smoking-room at Marlborough House.

This was the first of a whole line of servile bears, doing duty as dumb waiters or umbrella stands. Butt's proudest creation was a huge grizzly bearing aloft an electric lamp in one paw, and proffering in the other a tray with cigars and pipe-lighters.

For Sandringham he made a screen of the Princess of Wales's deceased parrot. This inspired the Countess of Mayo to commission "a beautiful fire-screen composed of a giant argus pheasant, which was shot by the late Earl at Singapore only a short time before his own assassination."

Rowland Ward, not to be outdone, countered with some truly horrific furnishings. The firm's specialities included "cosy corner" seats hollowed out of elephant corpses. Baby elephants were more modestly formed into porters' chairs for the hall. For a big game hunter from Market Harborough, Wards made a chair from the remains of a baby giraffe he had shot personally.

Wards also made lamps out of bears, emus and black swans, grotesquely balancing frilly silk shades on their contorted backs or beaks. The firm also registered as their own speciality a variety of objects, such as liqueur stands and wastepaper baskets made out of elephant feet. These were widely marketed, and still appear quite frequently. Christie's sold one in a furniture sale last week for £110.

One noble lady set a fashion when her pet monkey died. "The sorrowing mistress could not bear to think of the poor little thing as a mere stuffed specimen grinning beneath a glass case. Therefore, was that pet monkey set up as a candle holder, grasping in its little fists the polished brass sconces."

Soon the firm of Williams & Bach of New Bond Street were doing a roaring trade in monkey lamps. For some reason, these were in particular demand for billiard rooms, the favoured design beting a monkey swinging from a hoop with one hand and holding an oil lamp in the other.

Prettier variations on these lamps incorporated parrots and cockatoos. Williams & Bach's customers would choose from a stock of living birds, which were then sent off to be slaughtered and stuffed to order. The Victorians were sometimes remarkably insensitive.

It is true that there was sometimes an element of revenge about this animal furniture. One titled lady proudly wore a necklace of bears' claws, which exactly matched the scars on on her noble husband's back. Old hunters were proud to boast that their clocks or chairs or dumb waiters had once been beasts that had decimated villages or carried off their bearers.

Edwin Landseer was a particular enthuasiast for eccentric animal trophies; and the greatest Victorian celebrant of the deer tribe personally designed furniture made out of stags' horns — a fashion that seems, however, to have originated in Germany. A remarkable, if grotesque, German suite of nineteen pieces of antler furniture was sold this month at Christie's, South Kensington for £6,600.

Up to the first World War, the Army & Navy stores and Harrod's still advertised such "naturalist" services as turning the hooves of your favourite horse into inkwells, table-lamps, bells or trinket boxes; or the pads of fox, hare and deer into candlesticks or doorstops.

Rowland Ward elephant feet liqueur stands could be supplied from stock for £8.10s ("Can also be mounted as Work Boxes, Music Stools, Umbrella Stands, or Flower Stands").

In the twilight of Empire, tastes thankfully changed; and, even if the wild beasts of Africa and India were not henceforth to be very much safer, at least they were finally spared the indignity of ending their days as bric-a-brac in British parlours.

Janet Marsh

The battle for the airwaves

***James Bredin** listens to local radio station contenders*

ERASMUS dined at Magdalen College, Oxford, in 1499 and declared himself well-pleased: "A feast it was, a feast, and not a symposium."

The public meeting in the main hall of the Oxford Polytechnic earlier this week was much more like a symposium than a feast.

It was arranged by the Independent Broadcasting Authority (IBA) as part of its consultative process before awarding the contract for the independent local radio service for the Oxford and Banbury area. The seven groups who have applied for the contract were all represented and were given about four minutes each in which to make their pitch.

But priority was given to the public so that the IBA and the applicant groups could gauge what people want from local commercial radio in Oxfordshire. The groups will be interviewed by the IBA in October and the successful candidate will be announced later that month.

About 300 people nearly filled the large hall on a warm August evening. A good 50 of them were group members or supporters. Many of the remainder were representatives of the public rather than a cross section of it. Every interested party sent its spokesman: city and county councils, the churches, voluntary services, the old, the young, the disabled, trade unions, ethnic minorities, local businessmen, educationists — and Radio Oxford the BBC's existing local radio station, whose representatives needed to estimate the strength of the forthcoming opposition.

Five-page summaries of each full written application for the franchise were provided at the meeting. From these it emerged that each group is made up of a careful mixture of the great and the good, the experienced-in-radio and the local. Heads of college abound: Sir Claus Moser of Wadham, Anthony Smith of Magdalen, Uwe Kitzinger of Templeton and Dame Mary Warnock, ex-Member of the IBA, ex-Fellow and philosophy tutor at Oxford, now Mistress of Girton at Cambridge.

Baroness Young, ex-leader of the House of Lords, and two local MPs, Michael Heseltine and Tony Baldry, have lent their names to separate groups, as have David Puttnam, film producer, and the ubiquitous Richard Branson. The locals range from a High Sheriff to a Samaritan, from an archdeacon to a bookseller, from a doctor to a business-farmer.

The experienced-in-radio are senior members of staff of existing local radio stations elsewhere. They can claim to have been through the bad times of independent local radio and survived successfully. They have learnt not to be too ambitious at the start, to be popular in order to survive and prosper, to major on music and news and information, not, even in Oxford, on hour-long lectures on, say, epistemological realism.

Statements and questions from the floor were polite and tentative at the start but very soon became opportunist and healthily sceptical. What will be done to make sure that politicians on boards don't influence the reporting of news? The IBA insisted that it monitors output continuously and does not allow partiality to intrude. One group chairman defended the presence of Michael Heseltine on his board on the grounds that "Mr Heseltine himself is known to have a certain streak of independence." Another chairman said he himself had been an SDP candidate but, of course, "that is not now thought to be political."

Why were women not being given as much prominence as this disadvantaged minority deserved? One group, after sensibly rejecting the "disadvantaged minority" description, declared that it had five women on its board, not merely the statutory one.

Journalists wanted more journalists than applicant groups said they would employ. How can a station on air for 24 hours a day sustain proper news coverage round the clock with so few journalists? Point taken, but we'll increase the numbers when they have been shown to be necessary and we can afford to pay them.

Nobody asked about coverage of what Jan Morris, in her book Oxford, calls "today's relationships between the City and the monstrous cuckoo in its nest, the University." The meeting was held during the vacation so the 10,000 students were not represented.

Both the IBA and the applicant groups are, and need to be, very realistic about commercial local radio. All the existing stations, nearly 50 of them, are now doing well financially but only after some near disasters and some rescue operations by way of amalgamations. The IBA has helped considerably by finding ways of interpreting the Broadcasting Act more loosely than it did formerly. The national economic upturn has helped and the high cost of advertising on television has prompted some advertisers to try radio for the first time. But a downturn will certainly come at some point and reserves will have to be there and be drawn on.

Some time in October, the IBA will decide which of the applicants has outshone the other six. Oxford heads of college are not accustomed to being at the receiving end of such a judgment but they will not, I imagine, be greatly put out if they are not automatically accorded the precedence they are given in normal academic circumstances. Nor, I am sure, will the IBA be at all influenced by the thought that the collective noun for heads of college is a lack of principals.

Records

Beethoven's symphonies

Haitink's Beethoven — The nine Beethoven symphonies: Amsterdam Concertgebouw/Haitink. Soloists in 9th Symphony Popp, Watkinson, Schreier, Holl/Netherlands Radio Chorus. Philips 416 822-2 (6 CDs, also on cassettes and LPs)

There are many reasons for mistrusting all-in collections of this kind, but regular readers will be spared the usual diatribe. You might quite reasonably want to have all the Beethoven symphonies on hand — as distinct from, say, wanting to possess every bit of recorded Furtwängler — without expecting any single box-set to exhaust their possibilities. In fact vividly idiosyncratic performances, such as may be welcome in the concert hall, would be the wrong thing; but lazy, routine interpretations would be worse.

Bernard Haitink has a rare gift for occupying the high middle ground without falling between two stools. Nowhere in his survey of the symphonies is there any controversially bold stroke, nor anything less than robust, judicious sympathy. (Perhaps his Second Symphony is tepid — I was not tempted to re-play it — and the "Egmont" Overture, thrown in as a filler, huffs and puffs to no great purpose.) His attention is always fully engaged, and is backed by long, deep experience of the scores, as of course is the playing of the Concertgebouw Orchestra. Individual players never seize the spotlight, but operate within the strong, single-minded ensemble.

The up-to-the-minute recording, impressively full and clear, offers close-up sound. Here and there, everything seems audible to a fault: subsidiary voices compete prominently with the principal ones, and there is an effect of determined busyness (in the Adagio of the Fourth and the scherzo of the Eighth, for example) which is not a feature of Haitink's live concerts. I think the Ninth Symphony wants a loftier distance (the singing quartet is virtually on top of us — all right for Brahms's *Liebesliederwalzer*, but unnatural in the Ninth). The Dutch chorus is sturdy and enthusiastic, not over-refined; the solo bass Robert Holl wobbles below his best form, but Lucia Popp and Peter Schreier make sterling contributions.

In the scherzo of the Ninth, the booming timpani remind us that these performances have little truck with the New Authenticity — the lighter, drier drums of the period would have been an asset there. But late-Romantic inflation is not Haitink's style, and the forbidding majesty of the opening movement is kept severe. Unobtrusively firm control guarantees broad dignity for the Seventh Symphony without dampening its exuberance in the least. The tame storm in the "Pastoral" could hardly dampen anybody, but the whole symphony radiates warmth and gracious feeling. The comfortable rustic jog of its scherzo is delightful.

Haitink's amiable poise is particularly well-found in the First, Fourth and Eighth Symphonies. Admittedly, some minor Beethovenian traits do not surface in his readings: aggressive spontaneity, sharp surprises, mischief. The jokey false starts to the finale of the First are stiff; nothing special is made of the witty key-sideslips in that of the Fourth, partly because it sounds less like bubbling, unstoppable chatter than it ought to do. These are not important reservations, for there are plenty of lively, idiomatic rewards in each whole performance — and with Haitink the sense of a *whole* performance is always to the fore.

The opening Allegro con brio of the "Eroica" has an easy, confident stride, if not much dramatisation of its revolutionary challenge: the *Marcia funebre*, however, develops into surprising vehemence (you can hear the clarinet working hard at sounding fierce). The scherzo and finale, excellently played, are all sunny exhilaration. After a taut, muscular first movement, the Fifth Symphony boasts an uncommonly limpid and lyrical Andante; the scherzo is brisk rather than sinister, and the famous bridge before the finale is not an anxious search for an escape, but leads straight to the expected celebration.

All in all, this is a distinguished and satisfying collection. Other readings of the symphonies will bring out other things, and a few will scale dramatic heights beyond what Haitink has put on record; but listeners familiar with his civilised, energetic, honestly searching accounts will be better equipped to appreciate really extraordinary performances when they come along.

David Murray

DIVERSIONS

Lucia van der Post goes potty over the sort of cooking utensils you could bequeath to gastronomically minded grandchildren

Treasure trove for tinkers

TO A generation like mine that cut its culinary teeth on Elizabeth David the notion that proper cooks need serious cooking utensils was almost axiomatic. To the newer generation, weaned, so we are told, on fast food and instant gratification, it may come as something of a shock to discover that proper cooking pots require the kind of sum that once used to buy a three-piece suite. But anybody who knows about these things knows that fine cooking pots are made of fine materials, and that a great deal of know-how goes into making them. How could they possibly come cheap?

The good news is that if you do decide to make a mega-investment and buy a set of precision pots and pans they will not only last the rest of your life, but your grandchildren will be able to enjoy them.

So this week's piece is for those who are looking for serious cooking equipment, who would rather save up for one perfect omelette pan than have any number of unsatisfactory tinny versions bedecked with flowers.

Sketched top right is a range of copper and steel pans by L. Lecellier from the evocatively-named village of Villedieu-les-poêles in Northern France.

What really counts in a cooking pan is how the heat is conducted – it should be evenly distributed around the bottom surface and copper, everybody agrees, is much the best material for doing this. The problem is that you can't cook with copper alone for it is poisonous, so traditionally copper pans have been lined with tin. Tin, though, poses a problem – if you overheat it, it buckles and slides down the sides of the pan so that you eventually have to have the pans relined. To avoid hot spots on the tin and to protect it, traditional copper pans were made from very heavy copper – so heavy that they could really only be used by male cooks. Most women found them far too heavy. Tin, being quite fragile, is also quite difficult to clean.

All this led Lecellier to investigate ways of combining copper with another material, so keeping its heat-conducting qualities, but doing away with the disadvantages of tin. They've found it. They have bonded copper to stainless steel, producing pans that have the appealing qualities of the old copper pans but (almost) none of the disadvantages, so that they are perfectly suited to being used by the most limp-wristed. I say almost because the house-proud will still feel obliged to clean them.

Melanie de Blank, wife of Justin de Blank – who became so enamoured of the range that he decided to import and sell it – cleans hers with a patent mix known to all restaurateurs. "I mix flour, a handful of rock-salt, lemon juice and some egg-white together, smear it on the pans with rubber gloves. It's very quick to do and yet it keeps them looking clean and bright. I love them. Not only are they so efficient - they heat the food so evenly, they're so easy to clean, but they are such a joy to use. People must spend a fortune on grotty saucepans that never cook properly and don't last long, whereas these are real heirlooms. They last forever."

For pans of this quality the prices do not seem to me unduly high. Justin de Blank is selling a set of five long-handled saucepans and lids – 12cm, 14cm, 16cm, 18cm and 20 cm - for £199. They can be bought at 42 Elizabeth Street, London SW1W 9NZ (Tel: 01-730-3721), but they can also be ordered by mail in which case postage and packing costs an extra £10. Available to order is a great deal more – things like the *bain marie* sketched here, a set of two-handled *sauteuses* and *cocottes*, omelette pans, and crêpe pans.

Photographed right is a new range of cooking equipment called Calphalon which seems to be taking New York by storm. It is a joy to look at - matt charcoal grey, streamlined, no fancy bits, just straightforward pots and pans. Originally devised for professional kitchens it came onto the domestic market because people clamoured to buy it.

The thinking behind its design was very similar to that of the Lecellier range – that is, that traditional copper pans were too heavy.

The main material used is aluminium – but it is aluminium that has been treated so that it no longer reacts with any foods (anybody out there who is still using ordinary aluminium pans really ought to change their ways; evidence shows you ought not to be cooking with them). Aluminium is a a good conductor of heat, but usually is rather soft and pits easily so that heat spots develop. The treatment the Calphalon aluminium is given eliminates its dangers – it will not react with any foods and it becomes harder even than stainless steel. Like the Lecellier range, it is heirloom stuff.

Sika Carey, who works for The Covent Garden Kitchen Shop, loves it. "I suppose if I wanted a saucepan for cooking a sauce which needs very fine heat control, I would still choose copper and for long, slow casseroling I don't think there is anything to beat cast-iron, but for everything else I think the Calphalon range is perfect. It is lovely to look at, wonderful to use and it should last forever."

There's a vast range to choose from - everything from a set of saucepans to a huge stockpot, a fish kettle, a *bain marie*, a paella pan, a double boiler with an insert for steaming or for cooking pasta, a colander, a baking pan and a very smart rack to hang them on. Photographed here is a 12-litre stockpot (£72.95), a 25cm omelette pan (£31.95), a 20cm saucepan (£56.95) with a *bain marie* inset (£29.95)and a 25cm *sauté* pan, (£59.95).

The range is on sale at Elizabeth David, 46 Bourne Street, London SW1W 8JD (Tel. 01-730-3123 for mail order enquiries) and Covent Garden Kitchen Supplies, The Market, London WC2. Anybody who wants to see the range in action might like to know that there will be cooking demonstrations on October 14 and 15 at the Covent Garden shop between 11am and 4pm.

HOW TO SPEND IT

Sketched above is a collection of the copper and stainless steel cookware by L. Lecellier - a unique combination that makes the pans lighter to hold, stronger and yet retains copper's special ability to conduct heat evenly. Photographed below is a group of simple, sturdy matt charcoal grey pots from the Calphalon range.

Drawings by James Ferguson

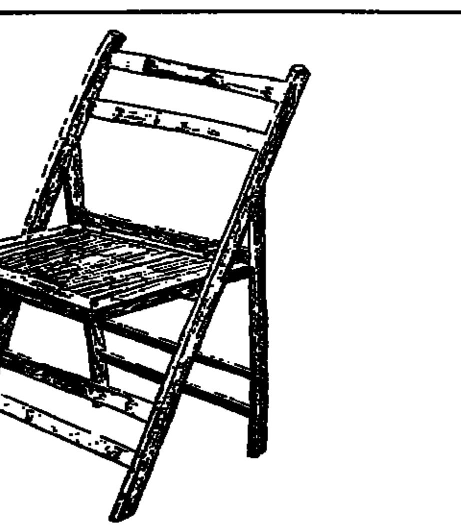
NOW THAT those of you who have been abroad have returned from your Tuscan/Aegean/Provençal villas beguiled by those terraces lined with flower-filled terracotta pots, you may want to achieve the same sense of abundance at home.

A source of fine terracotta pots, well worth knowing about, is Whichford Pottery at Whichford, Shipston-on-Stour, Warwickshire. Founded and run by Jim Keeling, the pottery's products are all either hand-thrown or, the more unusual and decorative ones, hand-pressed.

All those who have returned from warmer climes with local pottery will know that the big problem back in Britain is whether it will withstand our grimmer winters. With Whichford pots you ought to be safe – all are guaranteed frost-proof for ten years.

Shapes and styles vary enormously – I prefer the simplest, but there are urns bedecked with leaves, roses, lions or garlands. There are Ali Baba jars (from £53-£97, depending on the size), large pastry pots (£79 and £145), plain flowerpots (starting at £1.80) and simple, round terrace pots (from £8.45). Very useful for those with proper gardens are the terracotta edging tiles (£1.95 each).

For an illustrated leaflet send £1 to the address above. If you want to buy, visit the pottery or order by mail – a flat charge of £8.50 is made for every delivery.



I HAVEN'T given up on summer yet and the message of the last few years seems to have been that very often the best of the heat and the sun comes in September and even early October. So, if you're still hoping for a little languid sitting about out of doors it is worth looking in the Covent Garden General Store, 11 Long Acre, Covent Garden, London WC2. Sketched here is a lightweight rattan chair (being made in China it is designed for lightweight people, so keep the heavyweights off it) that folds up for easy packing or storage. Just £4.99, it can be bought by mail order (Tel.01-836-5051) or directly from the shop.

NOTHING becomes a house more than fresh flowers but when they are in scarce supply Rohays Butter's fresh and vibrant painted flower cut-outs make marvellous substitutes – and they never droop, die, lose their leaves or colour. The floral shapes are cut out from plywood in a number of different shapes and sizes and then painted in oils or gouache. No need to worry about the season – order a simple tumbler full of daisies, a giant urn filled with lilies or a small jug filled with garden roses and Rohays will paint the floral arrangement of your choice. You can choose the container (antique porcelain, fresh basketwork, grand stone) the flowers, the colours and no two are ever exactly alike. Prices start at £65 and go up and up, depending upon how elaborate a piece you are after. If you'd like some idea of what they look like make an appointment to see a selection at Rohays' home. And if you're after any other paint effects – whether murals, painted furniture, blinds or tiles, she'll take orders for those, too.

Rohays Butter is at 48 Brunswick Gardens, London W8. (Tel: 01-229-3239).

Weedy takeover bid

Food for Thought

WHAT A FUNNY lot we gourmands are. Restaurants and supermarkets fall over themselves to bring us all kinds of exotica – Mexican asparagus in Sainsburys, cherry tomatoes in Marks & Spencer, Seychelles fish all over the place and kumquats on every hand. And what gets us really excited? Patience Gray's *Honey from a Weed**, which tells of food scratched together on the poverty-stricken hillsides of Apulia (the "heel" of Italy) where the art lies in subsisting on a few beans and weeds and a scrap of olive oil. Are we so full that we dream of emptiness?

Up to a point, yes. Gray's lavish book is subtitled *Fasting and Feasting* . . . and sophisticates, from Marie Antoinette onwards, have always had a nostalgia for peasant simplicity. Fit in there a specifically up-to-date concern about additives and the industrialisation of what we eat and bingo, you're chewing dandelions from outside the cave, like stone-age man.

Given the bland awfulness of a limp English lettuce, who would not crave Patience Gray's dishes of bitter weeds as an alternative?

The amazing thing is that no sooner have you decided "no more bland, mass-produced, supermarket lettuces for me; I'd rather gather weeds in the lanes," than you will find lane-gathered weeds in a little plastic tray in your supermarket. And, with any common sense, you will know that they're certain to be better: cleaner, no dodgy ones, no weedkillers or additives and in prime condition, with all the bad bits cut off, ready to eat without any need to worry if a cat's been near them.

Quite recently, I have found sorrel in Marks & Spencer and rocket in Sainsburys (they call it "roquette"). What can we make of this? Weeds in the supermarket? I haven't asked them, but I'm sure they would say they were responding to demand. They're not, you know – they're creating it. Because if they can charge 78p for 10 grams of rocket (that's over £3.50 a pound) they're on to a nice little earner.

I suppose we sophisticates will have to learn to pay for our simple pleasures (it's cheaper than the air and bus fare to Apulia). But if you haven't tried these good things, now is the time. I have said before that rocket (which is called arugula by New Yorkers, who eat it in great quantities since the invasion of South Koreans corrected the blight of greengrocers in Manhattan) is very good.

I am indebted to a correspondent for pointing out, correctly, that it tastes of eggs and bacon. This might sound hard to believe, but give it a try. Just a few strands in your ordinary green salad will work wonders.

Sorrel is a different thing. Not the rigid, rusty spikes of the meadow, but bright green, spinach-like leaves which, in the presence of heat, soon turn into an acid, khaki-coloured purée. It makes a wonderful sauce for fish and for vegetables. It collapses and reduces more in the cooking than anything else I know, far more even than spinach. A large shopping bag full goes down to a mere puddle of sauce.

The famous Troisgros salmon recipe, which probably has led to more people asking their greengrocers for sorrel than anything else, does not cook the sorrel at all. You just add ribbons cut from the raw leaves to the sauce: it still turns khaki, but keeps its body. I have in the past tried to mimic its taste with rhubarb, but that is no substitute for the real thing.

Then, there is dandelion. Not now while there are only the clocks that we can blow to tell our futures, but the blanched, bitter stems. These may not be much on their own, but they stand up better than any other kind of salad to a blast of hot bacon fat straight from the frying pan and a drizzle of red-wine vinegar. Forget their dreaded, diuretic reputation: savour their chewy bitterness and remember they're good for the blood.

I say nothing of wild mushrooms – or "edible toadstools" as the bolder people call them. If you live in France, you simply gather them up and take them to the chemist: part of his training is to weed out the baddies.

**"Honey from a Weed," by Patience Gray, is published in England by Prospect Books at £25.*

Peter Fort

Wine

Not a vintage performance

The rarer vintages have been worst affected, almost certainly owing to the fall in US demand

ALTHOUGH THE latest London wine auction season was somewhat dull, turnover rose for the period September to July. Christie's was up by 6 per cent to £7.3m, Sotheby's by 19 per cent to £3.6m, and International Wine Auctions (IWA) by about 15 per cent to more than £1.7m. Nevertheless, prices continued to ease.

Three years ago, when the market was at its height, I wrote: "The paramount influence on prices in the London auction rooms is the strength of the American dollar." When in the following season it began to fall, so did prices; but there was no debacle, as in the mid-Seventies' slump, and no obvious unloading.

Reserve prices and estimates have been cut and there have been fewer but longer sales. However, more of these lasted all day: Christie's final sale at the end of last month had 1,025 lots and took £323,000 from 239 buyers, with no fewer than 1,800 commissions to bid before it started. In fact, prices tended to improve overall towards the end of the 11-month season and all three auctioneers had good summer sales.

It appears that less wine passed through the salerooms, particularly claret, the auction-room staple. Christie's, for example, had eight claret sales compared with 11 in 1986-87, and 4,000 lots compared with 5,300. For the dominant clarets, it was less a case of prices falling substantially than one of more recent vintages either not increasing in line with the growing maturity of the wines or, indeed, showing some decline.

The most sought-after of such years has been 1982, but the top growths mostly have dropped from their peak in 1985, when they scarcely were bottled, and have not risen as expected. Lafite's 1982 top price of £680 a case has varied this calendar year from £460 to £550, Ch. Mouton-Rothschild's from £715 to £500-£750, and Ch. Margaux's from £580 to £440-£480.

Comparable leading second-growth figures show a similar pattern: Ducru-Beaucaillou from a 1985 peak of £340 to £230-£320, Léoville-Las-Cases from £300 to £220-£290, and Pichon-Lalande from £320 to £220-£300.

The finer vintages of the Seventies – 1970, 1975 and 1978 – have not attracted more than level-pegging prices. Yet, it is the older and rarer great vintages that have shown the most marked decline over the past three years, almost certainly owing to the fall in US demand.

Lafite '61, for instance, which made up to £3,200 a dozen in 1985, has registered a top of £1,900 this year. Mouton-Rothschild has dropped from £3,000 to £1,850 and Latour from £2,500 to £1,900. (Pétrus '61 is so much *hors concours* that its very rare auction-room appearance results in an extraordinary price. The 1985 peak of £9,500 was down to £7,200 in 1987, but at Christie's in June a single magnum made £2,300).

Such rarities as Lafite '45, that brought £4,500 a case in 1985, made a top of £210 for a single bottle last month although Mouton-Rothschild '45, the most favoured Médoc, rose from £5,200 three years ago to £6,800 at IWA's sale in June (where a case of Pétrus '45 sold for £10,400).

However, the real rarities have, as usual, attracted sensational prices. In July, IWA secured £24,000 for a double magnum of Lafite 1832 and, in June, Christie's knocked-down for £20,000 a tappit hen (the equivalent of nearly two bottles) of Lafite 1811, the famous "Comet" year.

Then, in December, an imperial (eight bottles) of Latour 1795 that failed to reach the reserve at Christie's was sold immediately afterwards for £10,000. At the same sale, £3,500 was paid for a bottle of Yquem 1831 and £6,600 for one of the 1847.

Sotheby's rarities included four bottles of pre-1799 Tokay, which had been bricked up in a Warsaw palace cellar and so escaped the German occupation in the Second World War. They fetched between £880 and £650 apiece last September. In December, a collection of 102 bottles of every vintage except six of Latour from 1887 to 1983, with nine supplementary years, brought £16,000; and, in the same month, £2,000 was paid for a bottle of 1788 cognac. Then, in April, a record saleroom price for a bottle of vintage port was paid: £1,050 for Quinta do Noval 1931, made from pre-phylloxera national vines.

Somewhat surprising have been the low prices for vintage port, that other "investment wine" of little interest to the American market (apart from rarities from 1945 backwards). The most esteemed vintage of the past 25 years is 1963 for which, in the recent peak of 1985, Croft reached £480 a dozen, Fonseca £540 and Taylor £520.

In the present calendar year, the range for these three brands has been £290-£320, £350-£420 and £380-£550 – this last for a single lot. The '66s, '70s and even the prized '77s generally have realised prices lower, or no higher than, three years ago.

The prices for other wines usually have been unexciting. Fine German wines seldom appear in the saleroom and neither does much leading Burgundy, although Sotheby's did sell a case of magnums of the Domaine de Romanée-Conti's Montrachet 1983 for £2,700.

The prospects for the coming season are likely to be similar to the last. Young clarets are unlikely to be much favoured, on the ground that it could be possible to pick them up more cheaply later on. This certainly has been the case in the past year or two.

The results of the next Bordeaux vintage might have an effect on prices. If 1988 should turn out to be the second disappointing year in succession, then demand for the younger vintages – notably '82 and '83 – could well rise. And if the dollar continues to improve, American interest is likely to increase.

However, rarities and "names" apart, it is a volatile market. These days, there are no more exciting old cellars to unearth, and only the odd bottle of ancient claret or sauterne is likely to make the headlines.

Edmund Penning-Rowsell

Hiss without the boos

***Douglas Jay** takes another look at a cause célèbre*

RECOLLECTIONS OF A LIFE
by Alger Hiss
Unwin Hyman £12.95, 240 pages

THE CONVICTION and imprisonment of Alger Hiss in 1951 for perjury, in denying complicity with Soviet espionage, claims to rank with the Dreyfus and the Sacco and Vanzetti cases as one of the great miscarriages of justice in modern times. Yet, Hiss, looking at it all in his 80s, here devotes less than one-third of his recollections to re-arguing the legal arguments and evidence – although a few points are added – which he has covered fully in earlier books.

Hiss was a brilliant law student at Harvard in the 1920s, a pupil of Frankfurter's. While still in his 20s he was secretary to, and confidante of, the universally admired Oliver Wendell Holmes, acting chief justice of the Supreme Court, who had himself fought in the American Civil War in 1860-61.

In the 1930s Hiss became a fervent New Dealer, working in the new Washington civil service and, not surprisingly, an unqualified admirer of Franklin Roosevelt (and Mrs Roosevelt), as well as of the American legal and political system as a whole.

Hiss is critical enough, however, in one way to underpraise the New Deal in saying that it "did not cure the Depression." But although it only reduced, and did not eliminate, unemployment, Roosevelt's measures of the spring of 1933 did reverse the world tide and turn it upwards again.

Although I am sure Hiss did not intend this, his early memories are sometimes remarkably reminiscent of those of the contemporary generation here in Britain. He says of Harvard in 1926 to 1929: "Our negative attitude towards politics reflected the conventional wisdom of our elders. They, too, thought of politics as a dirty business . . . The political quietism of the universities made cultural realms our pre-eminent field." All of which could be said equally truly of Oxford in the 1920s.

On the young men in the New Deal organisations in the 1930s, he remarks: "Incorruptibility, dedication and hard work were indeed the hallmarks of those who came to serve Roosevelt in those Depression years." Not a bad description of life in the war ministries after the Churchill-Attlee Government was formed in 1940, although it might here have been expressed more modestly. Perhaps in some ways the two countries move more closely together than is assumed conventionally.

Hiss went on to join the State Department during the war, to be secretary of the Dunbarton Oaks Conference in 1944 which planned the United Nations, a note-taker for Roosevelt, Churchill and Stalin at Yalta, secretary-general of the San Francisco Conference which launched the UN, and a member of the US delegation to the first UN meeting in London in January 1946. He rejects the long-held view that Roosevelt was tired and ill at Yalta, on the ground that it rested largely on one photograph of the President taken after a seven-hour, bumpy car-ride in the Soviet winter.

The thunderclap came in 1948 when Hiss was indicted for perjury in denying that, in 1938, he had given copies of State Department files to a certain Whittaker Chambers for forwarding to the Soviet Union. In this book Hiss summarises, more reflectively than resentfully, the non-legal aspects of the case as he sees them now.

Alger Hiss . . . more reflective than resentful over his trial and imprisonment for perjury

It started with the "un-American Activities" Committee at a time when McCarthyism and the Republican long-smouldering hatred of the New Deal were catching fire. It was not, however, McCarthy himself who led the instigation of the prosecution. The hostile "triumvirate" in Hiss's account were first Whittaker Chambers, an ex-Communist bird of passage who had once, under another name, known Hiss; a young Congressman, Richard Nixon, the "unofficial prosecutor" who, in Disraeli's phrase, was making his way up the greasy pole; and J. Edgar Hoover, head of the FBI, a politician turned police chief who was believed to hold files on most members of Congress. The anti-Communist, anti-New Deal press was in full cry throughout the two long trials.

Whatever else is true or not true about the case (including the notorious typewriter – or typewriters – allegedly used), the whole story is a powerful argument for the British law of contempt of court rather than the American system of virtual trial by newspaper.

Hiss describes one incident which gives a new twist to the old saying: "None dare call it reason." In January 1946 in London, he says, Lord Kemsley invited to dinner the conservative Republican Senator Vandenberg, James Byrnes (later Secretary of State), Harold Macmillan, Hiss and others. At the port stage, Kemsley spoke of the proposed American loan to the UK and "urged us [the Americans] to oppose the loan, denial of which would, he said, bring down the Attlee Government." Vandenberg replied that he disagreed with Kemsley and would support the loan. Macmillan and Hiss, it appears, said nothing

Last of the Liberals

***J. D. F. Jones** on Alan Paton and others*

JOURNEY CONTINUED
by Alan Paton
Oxford £14.95, 308 pages

WHITE TRIBE DREAMING
by Marq de Villiers
Viking. £14.95, 420 pages

UNDER THE HARROW
by Suzanne Gordon
Heinemann. £12.95, 269 pages

THE FIRST volume of Alan Paton's autobiography ended with the extraordinary outburst of creative energy in which a homesick and middle-aged South African prison governor wrote his first novel – *Cry, the Beloved Country*. That book has been a bestseller for 40 years; it freed him to leave the reformatory and devote his life to writing and politics. In his political career, as leader of the multi-racial Liberal Party, his international fame also protected him against the heavier oppressions of the South African authorities.

What will Azanian historians make of the South African Liberal Party? This second volume – it ends, except for an epilogue, in 1968 with the party's voluntary demise and what Paton calls, rather ingenuously, the end of his public life – will be a core text. They were a tiny group of very brave people and they seem to belong to an age long, long ago as they agonise over the moral permissibility of violence against a violent system. Peter Brown, the Marquards and Moltenos, Margaret Ballinger, they are all here, but the most interesting characters are precisely those who, to Paton's horror, came to believe in violence: Patrick Duncan ("one of the most *extraordinary* of human beings") and Adrian Leftwich ("one of the most terrible stories of my times").

"By liberalism," Paton once wrote, "I mean a generosity of spirit, a tolerance of others, an attempt to comprehend otherness, a commitment to the rule of law, a high ideal of the worth and dignity of man, a repugnance for authoritarianism and a love of freedom." It's not exactly a party manifesto, but it is worthy of note that every phrase is the antithesis of what the South African government stands for. Here, he *describes why and how one* man did what a man has to do.

He died last April. He might not have been modest but he was a good man. And he wrote a novel that changed the world.

Elsewhere for the crowded shelves of Africana (or Azaniana?) there is something splendidly different – and recommended highly – by Marq de Villiers, scion of a well-known Afrikaner family which has been there for exactly 300 years and has kept an archive. "I use my own family as a way of dealing with the tribe," he explains. "Longevity counts for something – we were there from the very beginning and some of us will be there until the End."

So, we have a family history, written easily, detailed seductively, from great great great great great grandfather, the Huguenot Jacques de V., down to father René, editor of *The Star*. Note, though, that this is a book about a fairly rare species, the Afrikaner liberal: the doubts are charmed away until the final pages when it is suggested that today's moral Afrikaner bankruptcy is the chance for "other Afrikaner ideas" to emerge. Well, yes – but they might not be the liberal ones.

Briefly, a similar concern to describe and explain the South African situation through the lives and words of "ordinary" South Africans is employed by Suzanne Gordon. She interviews a dozen famous whites, chosen cleverly across a wide spectrum, and leaves it to them: simple; successful; helpful. Take it if you're flying down to Jo'burg tonight and don't know the place.

Fiction

A sterner England

INCLINE OUR HEARTS
by A.N. Wilson
Hamish Hamilton £11.95, 250 pages

THE TENANTS OF TIME
by Thomas Flanagan
Bantam £12.95, 751 pages

PARSIFAL
by Peter Vansittart
Peter Owen £13.95, 256 pages

REBUILDING COVENTRY
by Sue Townsend
Methuen £7.95, 155 pages

Sue Townsend

FOR HIS second book this year – a life of Tolstoy having been got safely out of the way – A. N. Wilson has plumped for a novel, *Incline Our Hearts*. It opens in a Norfolk village immediately after the Second World War and is narrated by one Julian Ramsay, a war orphan who lives now with his aunt Deirdre and uncle Roy, the village rector.

Uncle Roy's chief passion in life is a family of local aristocrats, the Lampitts (brewers, ennobled by Lloyd George). A scion of the family was the recently deceased James Petworth Lampitt, an elderly *belle-lettrist* with a hint of Belloc about him. So enthusiastic about the Lampitts is uncle Roy that, after the narrator has been put through the horrors of an English prep school, he is sent on to the same public school as James Petworth himself attended.

But Roy is not the only Lampitt fan. The mysterious Raphael Hunter – the narrator's rival in love at prep school, and subsequent seducer of his cousin Felicity – is researching the Lampitt papers for a book. Hunter crosses the narrator's path continually, from prep school all the way through to National Service, an elusive figure always in the background but impossible to nail down.

From the way the book ends, it might be that the author is planning a sequel in which Hunter and the narrator have rather more to do with each other than we have seen so far. Otherwise, there is a sense of puzzlement as to where the heart of the story lies. Hunter and the Lampitt papers form a major part, but the bulk of the book is given over to the narrator's rites of passage through the institutions of child and young adulthood.

The author deals very fluently with these, particularly the ghastliness of prep school into which he delves in great detail. His publishers regard the book as an "evocation of a tidier, sterner England than the one we know now" and that seems fair enough, as far as it goes.

Thomas Flanagan's *The Tenants of Time* is an Irish historical blockbuster, a follow-up to *The Year of the French*. It runs to 751 pages in all – including a five-page cast of characters – and deals with the Fenian rising of 1867 and its consequences for Ireland over the next three decades.

The action moves from London and Dublin to New York, but is centred on the small town of Kilpeder where four men swear loyalty to the Irish Republican Brotherhood before mounting a series of attacks on local land-owners. They are led by Ned Nolan, a veteran of the American Civil War who pays a heavy personal price for the failure of the revolution and the humiliations that follow.

The book is very good within its limits. The author writes this sort of story better than most – although he never uses one adjective where six or seven will do – and clearly has done a monumental amount of research. His problem, however, is that the Fenian risings were never as glamorous as that of 1798: there were no great martyrs, no great battles, no great blunders by the authorities.

The story intrinsically is less exciting – a situation Flanagan has attempted to circumvent by spinning it out over 30 years into the time of Charles Stewart Parnell. Were it not for the absurd convention that historical novels of this type have to weigh in at two pounds or so on the kitchen scales, he might have done better to cut the story in half and make two separate books out of it.

Parsifal, by Peter Vansittart, is a very different novel indeed, a reworking of Wagner's opera to encompass the search for the Holy Grail over many hundreds of years, from the Dark Ages right up to the era of the Nazis. It is a poetic work, textured richly, highly imaginative, narrated almost entirely – there being little dialogue – in lush, jewelled prose. You need an acquired taste for this sort of writing but, if it's the sort you like, you will find it substantially rewarding.

Sue Townsend's *Rebuilding Coventry* is a good idea that has gone wrong slightly in the execution – and execution is almost the *mot juste*, for the plot turns on a beautiful woman's attempts to evade the law after killing a neighbour accidentally by hitting him on the head with an Action Man doll.

Coventry Dakin is her name. Abandoning her husband (an active member of the Tortoise Society, on the lookout perpetually for tortoise rustlers), she flees to London without her handbag and is forced to support herself as a prostitute, and live-in help to a nudist, before blackmailing a former cabinet minister into fixing her up as a spy so she can "defecate" to Moscow. It's a nice try – the author wastes few words and writes with a lighter touch than any of the others this week – but her humour is horribly forced and the whole thing ultimately not very convincing.

Nicholas Best

In search of the Romantic tradition

THE SPIRIT OF PLACE: NINE NEO-ROMANTIC ARTISTS AND THEIR TIMES
by Malcolm Yorke
Constable £20.00, 336 pages

"A message to convey about man's relationship with, and response to, Nature" – Graham Sutherland's 1935 drawing "Swan"

THE NEO-ROMANTIC strain in British painting, to give it a label which it never sought, is back at the centre of critical debate after decades of unjust neglect. The art world is divided between those who consider it central to all that is most valuable and original in 20th century British painting, and those who find it limp and insular compared with the vitality and rigour of Continental and American modernism in its many forms.

Great was the fury of its advocates at the relative neglect of neo-Romanticism in the Royal Academy's major show of 20th century British art early last year. Could anything be limper, they argued, than the sub-Impressionism of the Bloomsbury School with which the RA show opened? They fought back with a superb but less publicised exhibition at the Barbican Art Gallery called *A Paradise Lost: the neo-Romantic Imagination in Britain 1935-55*, which embraced photography and films in a stimulating survey arranged by Dr David Mellor. Now, the case is being expounded doughtily by a handsome new quarterly magazine, *Modern Painters*, edited by Peter Fuller.

Compared with Mellor and Fuller, Dr Yorke takes a distressingly narrow view of his subject; or rather, having defined Romantic art broadly enough as having "a message to convey about man's relationship with, and response to Nature," he makes an arbitrarily narrow choice of exponents.

Thus, John Minton, Michael Ayrton, Robert Colquhoun, John Craxton and Prunella Clough are included along with the weightier Paul Nash, John Piper and Graham Sutherland, and the medium-weight – but, at his best, marvellous – Keith Vaughan. Cecil Collins, a mystical neo-Romantic in the tradition of Palmer and Blake if ever there was one, is omitted, as are more borderline but sturdy candidates such as Ceri Richards, David Jones and Henry Moore, all included by Mellor among many lesser lights.

Other candidates who spring to mind are Ivon Hitchens, Edward Burra, Alan Davie and Norman Adams, all of whose work has that singing, intense, elated quality that portrays nature refracted through a truly romantic soul.

As John Piper declares in these pages: "Intensity is all that matters in painting." The neo-Romantic cause, in which Yorke evidently believes (despite considering, surely mistakenly, that it guttered out in the mid-1950s) is let down by the inclusion of so many lightweights, and by such revealing remarks, as of Craxton's move to Crete, that "by now . . . his neo-Romantic period of moonlight and creepy undergrowth is long since behind him." Yorke seems to be more influenced by subject matter and mannerisms than by any real sense of a valid Romantic tradition.

In other respects, this study has much of interest and value. It brings out admirably the strength of Piper's intellectual as well as artistic contributions to British art in the 1930s and 1940s, not least in his pioneering study of 1942 called *British Romantic Artists*. Yorke is interesting on the influence of the emigré Polish painter, Jankel Adler, on Robert Colquhoun and his friend, Robert MacBryde, and on Peter Watson's pivotal role as a patron in the 1930s and 1940s.

There is almost too much lively background material about social conditions. Yorke is never dull, but he seems to trivialise his subject. As Minton and Colquhoun fall to drink, Ayrton to Greek mythology, Clough to abstraction and Craxton to Crete, there is a sense of wasted talent and a cause abandoned. In fact neo-Romanticism lives. It is a sturdier plant than Yorke seems to think.

Roger Berthoud

Flight on the grand scale

THE BIENNIAL Farnborough International Air Show is always an occasion for an outburst of new books on aviation, and this year's is no exception. The two chosen here are especially significant for their handsome formats, large size, lavish use of colour, and also because of their value to aviation historians.

The Smithsonian Book of Flight by W. J. Boyne (Sidgwick and Jackson £19.95, 288 pages) is written by the former director of the US National Air and Space Museum in Washington, in conjunction with the Smithsonian Institution itself, and is on the grand scale – a history of flight in one volume from the early experiments of such figures as the Montgolfier brothers, and the Victorians George Cayley and Otto Lilienthal, through the actual achievements of the Wright brothers and up to the present days of supersonic transport and space shots.

The book's great feature lies in its illustrations which embrace all aspects of aviation, from black and white and colour photographs of aircraft through to artists' reproductions, and a number of poster illustrations of major aviation historical events. The book is well worth having for the illustrations alone.

Great Aircraft Collections of the World by Bob Ogden (Prion £17.95, 200 pages) is illustrated just as copiously but is more informative technically, being a compendium of the major aviation museums that have mushroomed in recent years.

Recognising that many of his readers may never get the chance to visit many of these collections, as far apart as Western Europe, the US and Australia, Ogden has described their contents carefully and has discussed not only the backgrounds to their formation but also many of the aircraft on display.

The result is a book worthy of constant reference, for its historical value is considerable. Whichever way the reader wishes to use it he will find it fascinating, for it covers many of the most famous aircraft world-wide, including many perhaps not so famous but nonetheless significant in the development of flight.

For the ardent aviation historian, or the more leisurely fireside buff, it is a book to buy and care for as lovingly as those aircraft for which custodians care in their own collections.

Michael Donne

Too sensible by half

LEN HUTTON: THE BIOGRAPHY
by Gerald Howat
Heinemann £12.95, 228 pages

LEN HUTTON was one of the great English batsmen of this century, but this new biography by Gerald Howat adds little colour to the three volumes of memoirs Hutton has already given us: *Cricket is my Life* (1949), *Just My Story* (1956) and *Fifty Years in Cricket* (1984). They, like this new book, are informative rather than exciting.

Hutton has always been a very private man and the only hot issues available to Gerald Howat are the well-known, well-argued high-spots and dramas of his cricketing career, such as his appointment as the first professional captain of England in 1952 and the troubled Caribbean tour the following year.

Points like these are looked at thoroughly and fairly with ample reference to comments made by the media at the time, giving a good idea of a whole range of attitudes to cricket a generation ago. Unfortunately, the cumulative effect of all this thoroughness is like the effect produced by a contemporary who described Hutton's wife Dorothy as "a sensible Yorkshire lass." The heart sinks a little.

Hutton was burdened with success at an early age. In 1936, he became the youngest capped Yorkshire player in modern times. He is still teased about his remark after the war that cricket was not a game he played for fun. Reading the descriptions of the endless slow travelling and the pressures of professional captaincy in the face of the traditional preference for amateurs, it is easy to understand the remark.

Poor man, apparently he watched this summer's series against the West Indies. It must have worsened his lumbago.

Teresa McLean

The importance of being Frank and frenzied

Antony Thorncroft takes notes on the dedicated and the dilettante in the second week of Edinburgh's cultural salmagundi

THAT person leaving a concert or play at the Edinburgh Festival just fifteen minutes after the event has begun is not some shocked local citizen but almost certainly Festival director Frank Dunlop who has not stayed in one place for more than an hour since the three-week bash began.

Much of his time is spent keeping the international artists happy. They often perform for about a third of their market value just to be in Edinburgh and in return for their charity get the treatment in terms of hospitality.

Frank Dunlop's worst experience this year has also been his best. The coaches that were to transport 120 Soviet musicians of the State Orchestra of the USSR to the Usher Hall failed to arrive on time. There was a tense, twenty minute delay in starting the concert which caused some unseemly heckling. When the flood of Russian sound finally flowed, Dunlop reckons it was his finest musical experience in years.

Even so he was soon off for his next bout of back slapping. After five years in the job he can ride the constant hassles that arise from one man tackling both the financial and artistic sides of the largest annual arts festival in the world. This year things have gone fairly smoothly. He did not get the two weekends of contemporary music that he planned, and ticket sales are below target, but these are peripherals.

His great achievement has been to make the Festival broadly funded. Box office contributes around £1m of the £2.7m turnover and the rest is roughly equally divided between grants from the Scottish Arts Council, Edinburgh City Council, and sponsorship support. This year the Italian Government has been the prime sponsor, contributing an essential £200,000. Frank Dunlop has learned to live with the relevant criticism that the Festival reflects the arts of whatever foreign country is feeling generous in a particular year.

He wants to shake off this dependence, even though next year's Festival already dances to a Spanish fandango. "We've got to find a way to become new and interesting here, and not compete for the big established artistic names. I want more new music, more experimentation in opera, and to be able to take box office risks for something we believe in."

These are brave words spoken in the flush of success with another Festival smoothly underway. Such ambitions could fade when the realities of filling Festival 90, the year in which neighbouring Glasgow is European Cultural Capital, start to press in.

* * *

THE star of the Festival so far has undoubtedly been Timothy Clifford, director of the National Galleries of Scotland, who, in theory, should have a minor walk on role, if that. The Festival's skimpy coverage of fine art is a topic with which you can embarrass successive festival directors, and Clifford, who has the energy, drive, and skin of a charging rhino, has been quick to grab the headlines by unveiling his £1m revamp of the National Gallery of Scotland during the Festival.

His triumphal progress around the rooms with a party of punch-drunk journalists was temporarily halted by a brave member of the public who doubted whether violent red was really the best backdrop for viewing Old Master paintings. Clifford failed to silence him with a historical lecture proving that red, representing the element fire, had always been accepted by artists as the ideal backcloth until the wishy-washy sepias of the 20th century came into vogue. He may have finally won that argument by superior vocal power, but one fact is indisputable: the gallery is angrily, remorselessly, red and you either love it or hate it.

The upstairs rooms, more discreetly decorated and enhanced with period furniture and fittings (paid for by John Menzies and TSB) to ressemble a succession of princely salons, are more digestible. At least, by going back to the original mid Victorian look of the Gallery, Clifford has just about doubled the number of pictures on view by piling them high on the walls in the good old-fashioned way. He is also adding to the atmosphere by returning marble busts, and other decorative accessories, which have long languished in the vaults, to the rooms to set off the paintings.

Clifford does not have the reputation of being a sentimental man (as the clear-out of keepers in the four years he has reigned on the Mount confirms) but he has bowed to one local tradition. One of the Gallery's principal Victorian benefactors was happy to hand over his Constable if alongside it could hang a totally nondescript portrait of his favourite terrier dog. It survives the new look and is much closer to eye level than a Goya, almost on the ceiling nearby. The renovation is another sop for Clifford's ambition. He now has his sights on the building that blocks off the National Gallery from Princes Street – the imposing Royal Scottish Academy. He is exercising long forgotten seigneurial rights and takes it over from April for use as an exhibition space, mainly to revive the reputations of Scottish artists like Raeburn and Ramsay, but also for use as the leading fine art venue during the Festival.

Clifford and Festival director Frank Dunlop are discussing how the fine art coverage can be raised to a more impressive level. As ever time is short and the best idea so far, fitting in with the Spanish theme of Edinburgh 89, is an exhibition of the finest Spanish Old Masters in Scottish collections.

It sounds like another last-minute improvisation, as was this year's Festival exhibition at the RSA – paintings by the Dadaist artist Picabia. The show was handily accessible in Dublin and Picabia, although Spanish, has an Italian sounding name (Italy is the theme of Edinburgh 88). The Picabia show turns out to be an eye opener but something more imaginative must be concocted within the next twelve months if the Edinburgh Festival is going to shed its reputation as a wasteland of the visual arts.

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The Bunko Quartet, appearing at Canongate Lodge, forgot their cool when Stephanie Pollard, one of the administrators of the Perrier Fringe Award, arrived to give them the once over. She had hardly settled in before a table arrived complete with a free meal and wine.

A Perrier nomination is the one sure way that a Fringe cabaret show can transfer to London for a season at the Donmar Warehouse. This year the five candidates for the top award, who all get the trip south, are the Australian comedy group the Doug Anthony Allstars; that scourge of the middle classes Jeremy Hardy, who was nominated last year; "Mammon-Robot Born of Woman" by Robert Llewellyn; Roy Hutchin's childhood stories "Spacehoppers, Clackers and Really Big Fish" and the Wow Show, which features Comic Strip regulars.

This year the Perrier has competition from The Independent, which is selecting a play from the Fringe to put on at the Half Moon, in London's East End, in the autumn. By its saturation coverage, well over a page of editorial daily, The Independent expects the Edinburgh Festival to sharply build its sales in Scotland. Last year they rose 50 per cent after its three-week bombardment.

East End Oedipus finds abrasive operatic voice

No new British opera since Birtwistle's *The Mask of Orpheus* has generated as much interest and controversy as Mark Anthony Turnage's *Greek*, first seen at the Munich Biennale in June, and now brought to Edinburgh, or more accurately to Leith, for three performances. The controversy has been sparked not by the opera itself, but by Steven Berkoff, whose play (recently revived in London) is the basis of the libretto put together by Turnage and the director Jonathan Moore. Though the text sticks close to Berkoff's original, paring it down to the bare dramatic bones, the few additions that have been made have roused the playwright to public complaint.

Berkoff's *Greek* transfers the Oedipus myth to the East End of London sometime in the last quarter of the 20th century. Turnage's opera makes the reference more specific: his characters are very obviously the victims of Thatcherism, so that Berkoff's social criticism becomes unbridled political polemic. That change of slant, together with a scene of feigned masturbation in the opening minutes of the opera worried Berkoff, though one understands that some kind of truce has now been called. But in the context of a piece of music theatre, in which the space for detailed verbal exegesis is necessarily limited, Turnage's changes seem to me to be partially justified. In the theatre Berkoff can elaborate and qualify his points, leave room for ambiguity; an opera composer cannot allow himself such luxuries.

All this would be less important if *Greek* were an insignificant piece of work, likely to disappear from view after the fuss has died down. It is much more than that, and as the first stage work by a 28-year-old composer it is quite remarkable in its assurance, its faultless dramatic and musical pacing, and the economy of its style. At Leith on Thursday it was given without an interval, two acts playing for approximately 75 minutes. There is no spare flesh. Berkoff's writing, his pungent use of language, leaps at the throat; it has such muscularity, rhythm and a natural sense of cadence that there are passages for which a musical setting would seem quite extraneous. Turnage has clearly recognised that, and by no means everything is sung, though speech is often underpinned by rhythmic ostinatos to enhance it incantatory effect.

The characters spit out their inarticulate furies in speech, and the tribal conflicts, the riot at the centre of the first act in which the song "The Laughing Policeman" assumes a terrifying, black intensity, become percussive tirades. But deeper emotions and aspirations, anything which transports Eddy and his family from the grinding repression of their surroundings and makes them fully-feeling humans, all that is articulated in song, some of it meltingly lyrical and cocooned in the most imaginative instrumental textures. In selecting the appropriate tone for each scene Turnage makes no mistakes.

Turnage's music has always drawn on a wide range of styles. There are hints of operatic models now and then – Britten particularly, Stravinsky, perhaps Henze himself – and many textures in which blues, jazz and rock idioms are the formative influences. But such a disparate mixture is bound together quite effortlessly; the music of violence is as powerful as the lyrical efflorescences that come to dominate the second act, and the ending, an ensemble in which a beguiling chorale-like theme threads its way between the characters is an unforgettable invention.

But just as memorable in its way is Eddy's confrontation with the Sphinx, manned, if that's the right word, by a pair of punk lesbians, and which focuses the second act just as surely as the riot focussed the first. Moore's production has just such an imaginative breadth to match the drama and the music. The much-disputed masturbation scene is insignificant; the way in which the violence is brutally stylised, and the stage (a baleful set by David Blight) peopled with the leftovers of a society bent towards the profit motive, is powerfully done and all of a piece.

The cast is a small one. Four singers take all the roles; a movement group supplies the extra bodies. Eddy, the "hero" is sung by Quentin Hayes, presenting the brutalised skinhead of the opening scenes with alarming persuasiveness and singing the final aria of momentary self-realisation most movingly. Richard Suart combines the appalling racist Dad with the Cafe Manager and the Chief of Police, Fiona Kimm is Eddy's Wife, his sister Doreen, a waitress and one of the minders for the Sphinx, Helen Charnock is Mum, the other waitress and sphinx. For both ladies the demands of the roles are prodigious and they take them on with genuine energy and vividness. The wind-based orchestra is the Almeida Ensemble, fiercely conducted by Sian Edwards. The performance does full justice to a deeply impressive and disturbing work, that must receive its London première very very soon.

Andrew Clements

Punk lesbians: Helen Sharnock and Fiona Kimm

Stars and striplings

Forty two years old this year, the Edinburgh Film Festival may be the best non-competitive film event in the world. Resisting all temptation to hand out Golden Claymores or Silver Sporrans, it confers equality on its movies regardless of race, creed, genre, budget or length.

At Edinburgh, if you are a 46-minute documentary about cane toads from Australia, you are as important as the latest Hollywood mega-buster. If you are an 8-minute short shot on 3rd-generation videotape and edited with a pair of nail scissors, you are as significant as the latest Jean-Luc Godard.

No respecter of duration or production values, Edinburgh also spurns dividing lines between fact and fiction. Three of this year's best films lived in a fertile shadow-land between the two. Terence Davies's brilliant *Distant Voices, Still Lives*, reviewed from Cannes and opening in Britain soon, is part childhood autobiography, part imagination. And two movies from opposite ends of the world, Chris Gallagher's *Undivided Attention* and Mark Lewis's *Cane Toads*, are each – in their ratio of truth to invention – a law unto themselves.

Cane Toads appears to be the whole truth and nothing but: the story of the hideous amphibian introduced into Australia from Hawaii in 1935 to eat the crop-destroying cane grubs. But instead of eating the grubs, it ate everything else. And it bred, and is breeding, like billy-o. The normal female lays 40,000 eggs a year and there is no shortage of willing males to fertilise them. Now the animals are all over Queensland and moving in on Sydney: carpeting roads, invading private lawns and being adopted as pets by sick-minded children.

The film is both unnerving and funny. Its genius lies in its po-faced style. Are all these witnesses – the eccentric professors, the worried parents, the reminiscing oldies, the town councillor wanting to erect a cane toad statue – genuine? We assume so. On the other hand, the scene in which two toads crouch on a window, measuring a man in a shower for attack, is clearly not. It's "Toad Psycho". But Mark Lewis's film, subtitled "An Unnatural History", keeps one guessing, and keeps one wondering at the spectacular perversity of some of nature's laws.

Undivided Attention is also a teaser. This is a road movie of the mind. When not spinning through Canada with his girlfriend in an open-top car, director Gallagher spins through inner space with an open-top brain. In the process, he remaps movie aesthetics. Two sequences in which the running camera is tied to a household tool – a snow shovel, a paintbrush – make painting and snow-clearing as exciting and disorienting as a roller-coaster. Gallagher's film suggests that for the most exciting trips you do not need a car or an air ticket, even less do you drugs or hallucinogens. All you need is a mind capable of moving in fresh directions mapped by you rather than by other people.

David Hemblen and Gabrielle Rose in *Family Viewing*

Further eye-openers and mind-openers at Edinburgh included: Atom Egoyan's brilliant *Family Viewing* from Canada, which is like a TV soap re-sculpted by Pirandello (it opens in London next month); Harun Farocki's *Images Of The World And The Inscription Of War*, a docu-essay on aerial photography and its re-charting of the insights and ironies of history; (semi-colon) and Dominique Deruddere's dourly enthralling *Crazy Love* from Belgium, the tale of a teenager tormented by acne who grows up to become a necrophiliac. And I thought I had problems.

On days when it did not tap open our minds like eggs, Edinburgh allowed them to float in the cooling saucepan of mainstream commercial cinema. Festival director Jim Hickey has once been in touch with Hollywood and procured a bunch of high-class British premieres. This year they included Clint Eastwood's reverential Charlie Parker bio-pic *Bird*, Mike Nichols's new Neil Simon adaptation *Biloxi Blues* and the amiable horror spoof *Beetlejuice*.

Edinburgh also laid out the usual strong swatch of retrospectives, led by a tribute to Japan's Sejun Suzuki. His crime thrillers and yakuza films – including *TOKYO DRIFTER*, *WILD YOUTH* and the picturesquely titled *DETECTIVE BUREAU 23: GO TO HELL, BASTARD* – combine a rapier-gleam vivacity with darker, more Sade-ian delvings into violence and eroticism.

The choice of Suzuki is typical of Edinburgh film festival's cross-grained approach to movie culture, which is as likely to champion the madder extremes of down-market cinema as the safe and acclaimed. However, this brings losses as well as gains. Australian cinema, currently suffering severe beach-erosion after their New Wave, came up with Steve Jodrell's *Shame* and John Dingwall's *Phobia*. The first features rape, violence and an overheated TV-movie problem plot. (The men in a small outback town are getting away with murder, defloration and worse: can the women fight back?). The second pits an agoraphobic young housewife against a possessive, possibly psychopathic, husband and turns into a sort of Down-Under *Fatal Attraction*. You do not have to wait long for the kitchen knife or the murdered pet.

Many of the best movies at Edinburgh – once more defying the reigning orthodoxy at other festivals – were the shorts. Surging into view from diverse sources (from Britain's National Film School to Melbourne and Sydney's Super 8 Groups), they were often far superior to the features they supported. Best of the ones I saw were Martyn Pick's *Taboo Of Dirt*, an animated phantasmagoria putting cartoon animals through some unlikely erotic paces, and John Evan Hughes's *Crust*.

This is a 6-minute comic gem from Australia. Two animated characters, surreally assembled from junk, sit at a table blathering mellifluous non-sequiturs while fending off two nasty-looking birds (also made from scrap). The main point of discussion, and bone of contention, is a chocolate biscuit. Finally a fly, also talking nineteen to the dozen, lands on it and wins it. It all shows that at the Edinburgh Film Festival – David to its rival Goliaths – size is not everything. Style, originality and initiative are.

Nigel Andrews

Radio

Of sanctity and tourist souvenirs

Saint Bernard was the focus of last Sunday's *The Christian Centuries*, and he made the sixth century oddly familiar. When the Lombards sacked Monte Cassino – not so completely as we did in 1944, but enough to oust the monks – Saint Bernard moved to Rome, where his communal monasticism became popular. In a later programme the same evening, on tourism, one of the series called *Soundings*, the first tourist spot visited was Buckfast Abbey, run still according to Saint Bernard's rules.

Brian Redhead, who presents this series (more entertaining than you'd guess), suggested that the saint's 'sister', Saint Scholastica, was a notional creature representing contemplation; but in that case, who is buried next to Saint Bernard in Monte Cassino today?

The *Soundings* programme, presented by Ted Harrison of Religious Broadcasting, went on to Haworth. Opinion there was that bus-loads of tourists were no help to the village. The mills, once a source of prosperity, were closed, the good shops had gone, leaving nothing for bus-parties but Spooks, the paraphysicalists. Still, the lay receptionist at Buckfast *believed optimistically that* a touch of sanctity might cling even to visitors largely concerned with souvenirs.

Touring to Third World countries was not well viewed. Visitors should make a leisurely approach to other cultures, not jet in in a few hours. It is only fair to note, before coming down too firmly on either side, that most of the comment came from ecclesiastics.

The proprietors of Stone's Restaurant in Avebury, subject of an earlier Radio 4 programme that evening, *Enterprise*, may have tourist problems of their own if other listeners liked the sound of their joint as much as I did, vegetarian though it be.

Radio 3, still on Sunday gave an amusing dramatic feature on George Antheil, *The Bad Boy of Music*. In Berlin in the early 1920s, sponsored by Mrs Mary Louise Bok, he displayed his unorthodox music and met Stravinsky, who asked him to come to Paris and be his pupil. He didn't do that, but he did move to Paris and was taken up (he says) by almost everyone, James Joyce, T.S. Eliot, Ezra Pound, Virgil Thomson, Gertrude Stein, the lot and caused a riot with his *Ballet Mécanique*.

Mike Steer, who wrote the programme, played some of the piano music and accompanied Nancy Hadden in an aria from Antheil's opera *Transatlantic*. We had a record of the ballet later that evening, in the performing edition for eight pianos, percussion, doorbells, motor-horns and aeroplane propellors (no telephone?), not the earlier score with 16 player-pianos. Good fun, but monotonous.

Ninety per cent of new music is junk, said Bernard Levin, previewing the Proms week, adding (well, he is 60 now) that 90 per cent of everything is junk. Too high a ratio for BBC radio drama, but the two short plays by Iain Crichton Smith (Radio 3, Friday) were well into the odd 10 per cent. In *Mr Trill*, a *mature couple reminisce about* a tedious schoolmaster, a demon with crosswords and the ablative absolute.

In *The Visitor* another tedious schoolmaster is rehearsing his leaving speech when a young man unexpectedly calls to tell him how unhappy he was at his school and to humiliate him by offering a retirement cheque. Stewart Conn directed these two lifeless pieces.

B.A.Young

Anatomy of melancholy

Louise Page's *Tissue*, at the Tent Theatre, is a study of Sally, a young woman (Linda Thorson) who has to have a breast removed because of a malignant tumour. There is no dramatic development in the play. It is a jigsaw of many very short scenes, each of them illustrating some individual factor of the situation.

"Why me?" Sally cries at the beginning, and several times after, but this is the problem on which no light can ever be cast. Nor does Louise Page try to cast any, though she allows Sally's mother to have had a cyst in a breast at one time. What she does is present the many circumstances in which the cancer affects Sally's life-history. Not only her life after the operation, for the loss of her breast brings back thoughts of of school, of youthful exercises for developing the bust. These are interspersed between scenes of hospital life, of contact with friends, family, lovers, so that every problem, great or small, that a woman may encounter at such times is examined. The overall humour is generous; the hospital staff are kind and efficient, friends and family conspire to believe that nothing is much different.

The production under Clare Rankin is not much more than diagrammatic. Diana Marchment and Tom Kelly play the many other parts that fill in the background to Sally's life, with a hospital table, some chairs, a white cloth, a bleak drawing by Paul Farnsworth of what I took to be an empty ward.

To watch the progress of a young woman compelled to lose a breast is a wretched experience; two people had to leave the audience before the end. But the author is after understanding rather than sympathy, and I have to say that there were some tiresomely repetitious moments in the evening. What it lacks above all is humour. There are scenes where this is lurking around the corner and needs to be dragged out.

B.A.Young

A drama in need of a stage

Richard Fairman on a disappointing performance of Einem's Der Prozess

The tributes are flowing for the generation of musicians that worked to put the Salzburg Festival back on the road after the war.

It can hardly have escaped anybody's notice that this is a birthday year for Karajan; but it is also the 70th birthday of the composer Gottfried von Einem and that event has been the subject of a thorough retrospective here.

Einem's attachment to the Festival has been both as an administrator and musician, and has included premières of what are now regarded as two of his most influential works, the operas Danton's Tod and Der Prozess.

The latter was chosen (creditably, for it is the less well-known) to be the focus of attention this year, but only to the extent of getting a concert performance – a regrettable decision, as the drama failed to put in an appearance and the music without it is less than half the opera.

When the piece was first given in 1953, one opinion was that a story as suggestive as the Kafka original would have been more aptly matched with music in an impressionist style. More recently, commentators have found in it the expressionism of Schoenberg and Berg. But to my ears the borrowings of Einem's style in this piece – for derivative it most certainly is – are many and various: rhythms from Stravinsky, waltzes courtesy of Strauss (more Richard than Johann), irony from Weill, sentiment squeezed from Korngold.

As a whole, the work is easy to approach rather in the manner of – a less exhausted comparison – Menotti.

Einem has an equal aptitude as in Josef K's restlessness at work or the threat of the final scene, with the simplest of gestures; *and for that reason it is* essential to understand the music in the context of a staged production. At least under Garcia Navarro the ORS Symphony Orchestra put in a strongly rhythmical performance.

Unfortunately the singers have a less good time of it. In the lead role of Josef K the tenor Richard Versalle offered some clarion-clear singing, but without making much music out of the notes or poetry from the words. One sensed he was *struggling to get the rapid fire* of the text in the right place.

Most of the sung parts are in fact as good as spoken and the most confident handling came from the native German speakers in the cast, including Walter Berry, Günter Reich and Heinz Zednik.

What lyricism there is falls to the soprano, who was in this case the amply voiced Ellen Shade. Just for a few minutes when she was singing, a mere concert of the music seemed enough. For the rest, the stage beckons, and that is where the opera must return.

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SPORT

Tennis prepares to mark a major landmark

John Barrett says a win for Graf at the US championships should mean her recognition as the greatest woman player of her generation

THE DRAW for the 108th US championships, which begin at Flushing Meadow, New York, on Monday, has smiled upon the two favourites, Ivan Lendl and Steffi Graf. Barring injuries, the two world champions seem likely to have smooth paths to their respective finals.

Only the young American, Andre Agassi, now ranked No 4 in the world after winning his sixth tournament of the year last week, is a serious threat in Lendl's half, while Graf will be pleased that her doubles partner, Gabriela Sabatini, is in the lower half. The 18-year-old Argentine beauty is the only player to have beaten Steffi this year – and she has done it twice, at Boca Raton and Amelia Island in the spring.

More than ever, therefore, it seems that these championships will record a major landmark in the game's history. If, as I expect, Steffi Graf adds a first US singles to her 1988 Australian, French and Wimbledon titles to complete the grand slam, the 19-year-old West German will be universally recognised as the greatest woman player of her generation.

Such is her power, her speedy athleticism and her ruthless aggression, that it seems inevitable that before long we shall be acknowledging her as the finest woman player of all time. We had glimpses of such greatness in that purple patch during the Wimbledon final against Martina Navratilova when she swept imperiously from 0-2 in the second set to 3-0 in the third. That was a glorious spell that truly lifted the women's game to new heights.

Only two women have so far

'Only two women have achieved a true grand slam taking all four majors in the same year'

achieved a true grand slam by winning all four major titles in the same year. In 1953 America's great teenage champion, the late Maureen Connolly, already the winner at Wimbledon and Forest Hills in 1952, made a special trip to Australia under the guidance of the Australian Davis Cup captain, Harry Hopman, in order to claim that title. She duly went on to sweep aside all opposition in Paris, and won again at Wimbledon and in New York. Thus a few days before her 19th birthday, Maureen had emulated Don Budge's great achievement of 1938.

Seventeen years later that fine Australian athlete, Margaret Court, also won the four major crowns – part of the prodigious total of 62 grand slam titles in singles, doubles and mixed that she amassed between 1960 and 1973, a record that will surely stand for ever.

If my suggestion that Graf might this year achieve tennis immortality seems premature, a deeper look at the draw does nothing to dispel that belief. Along with Miss Sabatini in the lower half are Pam Shriver and Miss Navratilova, the title-holder. Which of this trio is most likely to reach the final is not easy to judge.

Navratilova would be the logical choice, but there is some doubt about Martina's fitness following her departure from Montreal last week with a hip injury sustained during her losing match against Natalia Zvereva, the young Russian girl who had also beaten her in Paris. It is ironic that the draw has thrown these two together again as likely quarter-final opponents. Although Martina has been in the last five finals here, and won four of them, somehow I do not think this looks like her year.

Andre Agassi now ranked no. 4 in the world

Ranged against Steffi in the top half are Chris Evert, who is cast as her semi-final opponent, and the tall Czech girl, Helena Sukova, whom she would meet one round earlier. First, though, Miss Evert must overcome Lori McNeil, her conqueror in the best match of last year's championship. It is by no means certain that the six-times former champion will last the pace. Two punishing weeks on these unyielding asphalt courts might be too much for her injured heel.

The injured 1987 Wimbledon champion Pat Cash is missing from the men's draw which looks decidedly lop-sided with all the lighter weights at the top. In Lendl's quarter are, first, the rejuvenated Swede, Anders Jarryd, now fit again after a third knee operation, and then either Tim Mayotte or Yannick Noah. None of these men normally give Ivan any trouble, and the holder himself seems to be back in form after claiming a fifth Canadian Open two weeks ago, his first title since winning the Italian Open in May.

Agassi's task is made easier by the fact that his likely fourth round opponent, Jonas Svensson, has wilted since beating Lendl to reach the semi-finals in Paris. Then Jimmy Connors, whom he is due to meet next, is still nursing a sore left elbow that forced him to withdraw from the Thriftway ATP event in Cincinnati last week. I would not be surprised to see the 18-year-old Argentinian, Guillermo Perez-Roldan, emerge from that quarter to challenge Agassi again, as he did unsuccessfully in Paris.

The bottom half is loaded with heavyweights, but they all have their problems. Boris Becker is still uncertain about an ankle he injured during his winning run at Indianapolis three weeks ago and is short of match play.

The Cincinnati winner, Mats Wilander, who is seeded No 2, will not relish a match against the most dangerous of the floaters, Kevin Curren, in round two with the prospect of John McEnroe or Mark Woodforde in the fourth round. Frankly, I expect it to be Woodforde because the young Australian beat both Edberg and McEnroe in Toronto and is brimful of confidence. If McEnroe does lose early, do not be surprised if he announces his retirement from the mainstream.

Wilander's quarter-final opponent is forecast to be either Miloslav Mecir of Czechoslovakia or Henri Leconte. Wilander will be hoping that it is the mercurial Frenchman, for he lost badly to Mecir here in 1986 when the mesmeric Czech reached his first major final.

'If Lendl can play himself into top form in the first week he can take the title'

Who, then, will emerge as the men's champion? If Lendl can play himself into top form during the relative calm of the first week, I expect to see him add a fourth consecutive title to his collection. If not, the men in form are the two Swedes, Wilander and Edberg, who between them hold the three other grand slam titles. Both had their moments in a thrilling Cincinnati final, and if they are lucky enough to avoid their *bête noire*, Mecir, then either is capable of winning here for the first time.

'Moving with the ostriches'

Robert Steen looks at British women's cycling hopes

"EDDIE EDWARDS? Don't mention that name. People like that don't give you any incentive to win, particularly in an underdog sport like women's cycling. Then again, I do enjoy publicity and maybe I'd be noticed more if I grabbed a pair of sunglasses, dyed my hair pink and had a facelift."

In suggesting that she might have something in common with Eddie Edwards, Britain's world-beating attention-getter at the winter Olympics in Calgary, I had clearly exposed the solitary raw nerve in Lisa Brambani's lithe, self-assured young frame. Both gulp down hand-pulled pints of publicity as if marooned in the Kalahari, certainly, but the 21-year-old Bradford road racer with the obligatory scarred knees does so primarily for the common good of her sport. In any case, Brambani is armed with athletic assets that are worth praising rather than patronising.

Alongside her British teammates Maria Blower and reformed sprinter Sally Hodge, who won the world championship 30-kilometre race early this week, Brambani will be pedalling the pancake-flat Seoul circuit for a calf-collapsing 49 miles on September 26. Only then will the value of her preparatory pounding up and down the Yorkshire Dales, usually in the slipstream of coach Val Rushworth's motorbike, be revealed.

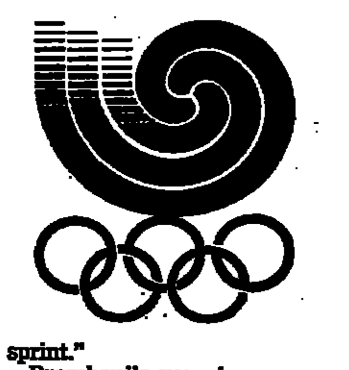
Rushworth established a score or more sprinting records as well as landing 11 British championships before embarking on a ten-year reign as women's national coach. Having managed the British team in the inaugural women's Olympic road race in Los Angeles, she was displaced by the comparatively unsung Joy Potts and turned to the more rewarding task of individual tuition. According to her, Brambani's aptitude for gold-embossed gear changes is unquestionable.

"Because the course is so flat, it probably won't be hard enough for Lisa, but she mustn't be kidded because a race is only as hard as you and your opponents make it," says Rushworth, who also coaches Robert Coull and Alistair Wood, two Seoul aspirants from the part-Sports Council, part-British Cycling Federation-funded Centre of Excellence in Leeds.

"There'll be a great number of novices on the course, cyclists whose inexperience can cause insurmountable hazards for even the ablest. And Lisa won't want a bunching race that leaves the way open for the sprinters at the end. But Lisa's prospects for gold are very realistic, and I'll simply advise her to wear down the weaker ones with persistent breaks.

"What especially encourages me is that defeats don't frustrate her. She has the aggression, the hunger and the industry. In fact, if anything she'll fail through too much preparation rather than too little."

Brambani's stated tactics against her fiercest rivals, Italy's Maria Cannins and the pre-eminent Jeannie Longo of France – world champion thrice in succession – exhibit courage as well as confidence. "I just won't sit there. I can't. I've got to be racing, making the pace," she explains. "People say, 'You don't have to do that,' but I know that I won't have raced if I wait for the sprint."



Brambani's voracious appetite reminds Rushworth of Beryl Burton, Britain's best-known woman cyclist to date. "Lisa knows that reaching the summit is one thing, but that staying there is what really counts. That's why Burton was so phenomenal. She never trained for a pursuit in her life and I honestly don't believe we ever saw the best of her, but even if it was a competition for buttering bread, she'd want to win."

Brambani, whose principal achievements thus far have been third place in this year's Pyrenees-based Tour de L'Aude and fifth in the last world championships, will train along with her male counterparts in Seoul. She expects respect from them, but doesn't count on it.

"There's a very close-knit community, you know, full of scandal. All the professionals are married to the women riders and everyone else knows exactly who's going out with who. But some of the men are so chauvinistic. They can't bear the thought of being beaten by a woman, so they attack and attack and attack to try and get rid of you, which helps because that way the pace is three times faster than normal."

Unfortunately, British women's cycling remains a backwater. "The anticipated growth at the women's end of the sport hasn't happened," bemoans the BCF racing secretary, Brian Wottan. "In the States, female skaters have moved over to cycling because of the strength in their legs – triathletes, too – but that hasn't been repeated here, I'm afraid."

Rushworth is more damning. "We're amateurs, we get amateur resources and we're run by amateur people," she rages. "We're hamstrung by money and systems and it all stems from the top. We just don't have the back-up. The BCF is trying, but the only achievements have been individual. More money is coming in, but the BCF is run by older men, the majority of whom feel threatened by women," she claims.

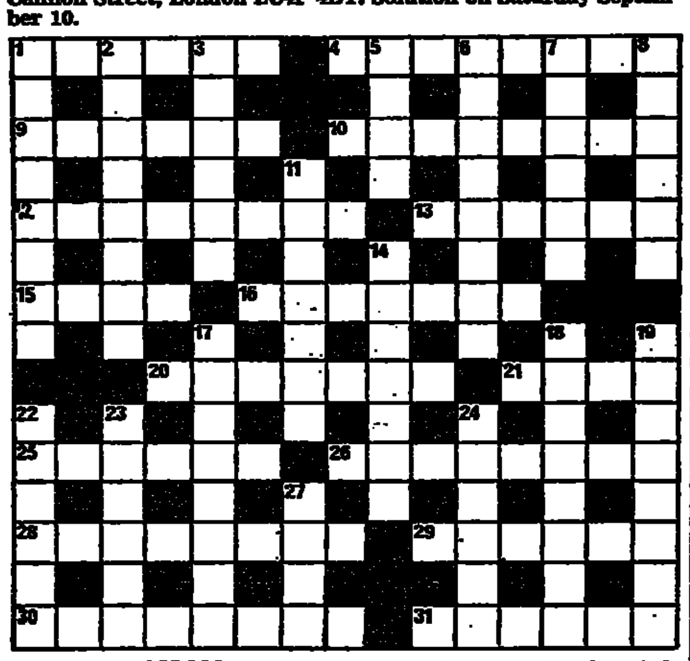
Brambani, who back-crawled and butterflied for Yorkshire before, as befits an only child, taking to the saddle at the age of 15 in order to "meet people," is more perturbed by general attitudes.

"The idea here is to work a 12-hour day, go home and practice and miraculously win a gold medal," asserts this grateful recipient of parental benefaction. "Although the Olympics are still the pinnacle, maybe the professional element has diluted the occasion. I'd love to see everyone going back to amateur status because that would be fairer, but you've got to move with everyone else. Unfortunately, women's cycling in Britain isn't moving with anyone except the ostriches."

CROSSWORD

No. 6,719 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday September 7, marked Crossword 6,719 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday September 10.



ACROSS

1 Calculate vital statistics (6)
4 It's crazy to take cocaine and cannabis (8)
9 Endeavour to communicate creates a scene (6)
10 It keeps water from locks (8)
12 Policy of short holidays? (4.4)
13 Plant in Spain on impulse (6)
15 Become quiet, causing exclamation (4)
16 A right within a sin is a sin (7)
20 I have followed a coach very likely to rail (7)
21 Network for time sharing (4)
25 Show on the square? (6)
26 A theologian's conclusion with hesitation; it ought to have been included (8)
28 Order uncomfortable bed? (5-3)
29 Hell with bad suffix is depressing (6)
30 Spot nothing feline in feline? (8)
31 Reparation is what happens at noon (6)
18 He keeps stock of varied drams swallowed by bird (8)
19 Chaos at the butcher's? (8)
22 Spread all over the place, twists the other way – left (6)
23 Crab or goat? Subject's about right (6)
24 Strangely muted, I find boredom (6)
27 Murmur regretfully to the listener, perhaps, at farm building (4)

DOWN

1 Plane body to fall behind in match (8)
2 USSR feature, something transparent almost? No way! (8)
3 Say by heart and quote again (6)
5 City requiring conformity to local custom (4)
6 Shell makes motor fast (8)
7 Insignificant friend gets shot (6)
8 Model composer has to get around (6)
11 Condition supporting 6 like this (7)
14 Swagger – about publicity being well done! (7)
17 Nothing crooked about what's straight and dutiful (8)

Solution to Puzzle No.6,718

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RESIDENT■STAINS
E■H■A■A■■■R■D■T
PROSTATE■GARAGE
A■R■E■U■F■N■H■A
SITED■RAINSTORM
T■W■■■A■N■L■■■I
■CANCEL■ELATION
N■V■A■■■■■T■M■G
EJECTED■PRECIS■
W■■■H■A■A■■■T■M
CONGENIAL■CEASE
O■O■D■S■A■O■T■A
MISERY■STARTING
E■E■A■■■A■G■O■R
RASHLY■ALLIANCE
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Solution and winners of Puzzle No.6,707

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NUTCRACKERS■SUN
O■A■A■A■V■E■H■A
TIRED■BRIGADIER
I■T■I■A■D■S■F■R
CONCOURSE■OUTDO
I■E■■■E■N■N■S■W
NASCENT■TAIL■■■
G■S■N■■■■■N■M■A
■■■STEM■DIGRESS
S■B■R■E■I■■■G■S
LLAMA■ASSOCIATE
O■R■N■N■C■L■W■R
PRESCRIBE■EXACT
E■L■E■N■R■A■T■E
DAY■DEGENERATED
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Mr P.M. Burman, Aughton, Lancashire; Mrs Pat Deaves, Harborne, Birmingham; Mrs J. Jarvis, Ufford, Lincolnshire; Mr R. Stephens, Bishopstoke, Hants; Mr S.G. Whitehead, Cambridge.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:25 am The Kid. 8:30 The Family-Ness. 8:35 The Muppet Babies. 9:00 Up2U. 10:52 Weather. 10:55 Grandstand including 10:55 Cricket (England v Sri Lanka from Lords); 1:00 pm News; 1:05 Football; 1:15 Gymnastics (USA v USSR from Los Angeles); 2:00 and 2:30 Racing from Goodwood; 2:35 Cricket; 3:10 Racing from Goodwood; 3:15 Cricket; 4:30 Athletics; 4:40 Final Score.

5:05 News. 5:15 Regional Programmes. 5:20 Jim'll Fix It. 5:55 The Flying Doctors. 6:40 Film: "Carry on Up the Khyber" (1968) with Sidney James, Kenneth Williams, Charles Hawtrey, Roy Castle, Joan Sims, Bernard Bresslaw, Peter Butterworth and Terry Scott. 8:10 Michael Barrymore's Saturday Night Out. 9:00 Cagney and Lacey. 9:50 News and Sport. 10:05 Call Me Mister. 11:00 Film: "The Man with the Deadly Lens" (1982) with Sean Connery, Katharine Ross and Hardy Kruger.

BBC2

2:45 pm The Sky at Night. 3:05 Film: "Shenandoah" (1965) with James Stewart. 4:45 Cricket: Test Match, England v Sri Lanka from Lord's. 6:25 Berliners. 7:15 Newsview. 7:55 "L'Enfant et les Sortilèges": Netherlands Dance Theatre perform Jiri Kylian's ballet danced to a recording of Ravel's one-act opera. 8:45 David Bowie. 9:50 Film: "Heimat". 11:10 Film: "Le Cop" (1984) with Philippe Noiret (in French with English subtitles). 12:55-1:30 am Cricket: Test Match (highlights).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Get Fresh. 11:30 Punky Brewster. 12:30 Wrestling. 1:00 pm News from ITN. 1:05 Local News and Weather followed by Saint and Greavsie. 1:35 Charlie's Angels. 2:20 Film: "The Battle of Britain" (1969) with Michael Caine, Kenneth More and Laurence Olivier. 4:45 Results Service. 5:00 News from ITN. 5:05 Local News and Weather. 5:10 ALF.

5:40 Cue Gary! 6:10 Champion Blockbusters. 7:00 The Kate Robbins Show. 7:30 Tarby's Frame Game. 8:00 Summertime Special. 9:00 ITN News and Sport. 9:15 Local Weather. 9:20 Film: "Go Fight City Hall–To the Death" (TV film 1976) with Jack Klugman. 10:45 Abracadigance, with Richard Digance. 11:30 Film: "Walk a Crooked Path" (1969) with Faith Brook, followed by ITN News Headlines. 1:00-4:00 am Night Network.

CHANNEL 4

9:30 am Making The Most Of. 10:00 Moneyspinner. 10:30 Film: "In This House of Brede" (1975 TV Film) with Diana Rigg. 12:25 pm Lady and the Lamp. 12:30 Empress Wu. 11:00 Film: "Les Miserables" (1935) with Fredric March, Charles Laughton and Cedric Hardwicke. 3:00 Channel 4 Racing from Newmarket. 5:05 Brookside Omnibus.

6:00 No Man Hath Seen God. 6:30 The Games in Question. 7:00 News Summary followed by Odyssey. 8:00 Coming of Age. 9:00 Film on Four Extra: "Accounts". 11:00 Fear of Drowning. 11:30 Just for Laughs. 12:00 After Dark.

S4C WALES

As Channel 4 except: 9:25 am Right Talk. 10:15 What the Papers Say. 10:30 Woman in View. 11:00 Moneyspinner. 11:30 Held in Trust. 12:00 Teesra Kinara. 12:30 pm The Making of Britain. 11:00 Film: "Prince of Foxes" (1949) with Tyrone Power and Orson Welles. 5:00 Trotian Tregaron. 7:00 The Games in Question. 7:25 Newyddion. 7:50 Campeto. 8:20 Plant Y Tonnau. 9:20 Reslo. 9:50 True Stories.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Knight Rider. 1:35 pm The Fall Guy. 11:30 For the Honor of Their Country: Australia. 12:30 Journey to the Unknown.

BORDER

11:30 am America's Top Ten. 1:35 pm The Man from UNCLE. 11:30 Fleetwood Mac (live concert filmed in 1982).

CENTRAL

11:30 am Mr Merlin. 1:35 pm The Fall Guy. 2:30 Film: "The Sons of Katie Elder" (1965) with John Wayne, Dean Martin and Michael Anderson Jr. 12:25 am Film: "Dr Terror's House of Horrors" (1964) with Peter Cushing, Christopher Lee, Roy Castle and Donald Sutherland. 2:15 Cannes '88. 3:15 Film: "A Death of Innocence" (1971 TV film) with Shelley Winters and Arthur Kennedy.

CHANNEL

11:30 am Terrahawks. 1:35 pm Battle of the Monster Trucks. 5:10 Love Me, Love Me Not. 11:30 Hunter. 12:30 am First Exposure.

GRAMPIAN

11:30 am Freagair Seo. 1:35 pm The Fall Guy. 5:10 Child's Play. 11:45 First Exposure. 12:45 am Reflections.

GRANADA

11:30 am Terrahawks. 1:35 pm The Man from UNCLE. 5:05 Cartoon. 11:30 Kojak. 12:30 am Film: "An Eye for an Eye".

HTV

11:30 am America's Top 10. 1:35 pm The Fall Guy. 11:30 Film: "Once Upon a Time in the West" (1968) with Henry Fonda and Charles Bronson. 2:30 am "Throb" with Diana Canova.

SCOTTISH

11:30 am America's Top Ten. 1:35 pm The Fall Guy. 5:10 Give Us A Clue. 11:30 Kojak followed by ITN News Headlines. 12:30 am Film: "The Beguiled" (1971) with Clint Eastwood and Geraldine Page.

TSW

11:27 am Gus Honeybun's Magic Birthdays. 11:30 The South West Week. 1:35 pm The Fall Guy. 5:05 Newsport. 5:10 Child's Play. 11:30 Kojak. 12:25 am Postscript.

TVS

11:30 am Terrahawks. 1:35 pm The Battle of the Monster Trucks. 5:10 Love Me, Love Me Not. 11:30 Hunter. 12:30 am First Exposure.

TYNE TEES

11:30 am America's Top Ten. 1:35 pm Seven Days to Ceuta. 11:30 Film: "The Shakedown" (1959) with Hazel Court, Donald Pleasence and Harry H. Corbett. 1:10 am Inner Space. 1:20 Jobfinder.

ULSTER

11:30 am The Adventures of Mika. 1:35 pm Murder She Wrote. 11:30 David Cassidy at the Royal Albert Hall. 12:40 am Ulster Newstime.

YORKSHIRE

11:30 am America's Top Ten. 1:35 pm UFO. 5:10 Child's Play. 11:30 Crazy Like a Fox. 12:30 am Film: "Dracula AD 1972" with Peter Cushing, Christopher Lee and Stephanie Beacham.

BBC RADIO 2

8:05 am Ronnie Hilton. 9:00 Sounds of the 60s with Tom Jones. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Wise on the Wireless. 1:30 Sport on 2, including: Football; Goodwood racing at 2:00; 2:30 Sport on 2 Stakes; and 3:10 Cricket: England v Sri Lanka; plus the rest of the day's sporting news. 6:00 Cinema 2. 7:00 The Press Gang. 7:30 The Magic of Old Vienna. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Ellis Hill presents Nightride. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 French Music. 9:30 Interpretations on Record. 10:30 Stereo Release. 1:00 pm News. 1:05 Liszt and the Piano. 1:40 Emerson String Quartet: Haydn (Quartet in D minor Op 103), Mozart (Quartet in D, K 575) and Schubert (Quartet in G, D 887). 3:05 Edinburgh International Festival: Swedish Radio SO/Esa-Pekka Salonen, with Hakan Hardenberger (trumpet), Toimii Ensemble and the Edinburgh Festival Chorus: Magnus Lindberg (Kraft), Haydn (Trumpet Concerto in E flat), Stravinsky (Symphony of Psalms). 4:25 Debut.

5:00 Jazz Record Requests with Peter Clayton. 5:45 Critics' Forum in Edinburgh. 6:45 Sir John in Love. 7:00 Proms '88: Verdi's opera "Falstaff" in the Glyndebourne Festival Opera production, with Claudio Desderi in the title role. (7:40-8:00 Julian Budden on Verdi's comic development); 8:55-9:15 Claudio Desderi on the role of Falstaff. 10:20 Daniel O'Herlihy (The Irish film actor talks to Philip French in the first of two conversations). 10:40 Bach's English Suites: Melvyn Tan (harpsichord) plays Suite No 1. 11:10 Book, Music and Lyrics: Robert Cushman on musicals. 12:00-12:05 am News.

Medium Wave, as above, except:

10:55 am-6:45 pm Test Match Special: England v Sri Lanka at Lord's, including 1:05 News; 1:10 An 80th Birthday tribute to Sir Donald Bradman; 1:30 & 3:45 County Scoreboard.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4 with Cliff Morgan. 9:30 Breakaway. 10:00 News; Loose Ends, with Ned Sherrin. 11:00 News; Talking Politics. 11:30 From Our Own Correspondent. 12:00 A Small Country Living. 12:25 pm Whose Line Is It Anyway? (s). 1:00 News. 1:10 Towards 2000 with the Radio 4 Generation. 1:55 Shipping Forecast. 2:00 News; Consuming Passions. 2:45 The Best of Morning Story. 3:00 News; Play: "The Women of Southover Sands" (s) by Frederick Bradnum. 4:15 Hollywood Takes the Air (s).

4:30 Science Now. 5:00 Prophets Returned. 5:25 Aspects of the Fringe (s). 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-up. 6:25 Citizens (s). 7:10 In the Psychiatrist's Chair: Ken Livingstone. 7:45 Play: "The Crucible" (s) by Arthur Miller, with Richard Dreyfuss, Stacy Keach and Michael York. 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 A Sideways Look At...with Anthony Smith. 11:00 When Housewives Had the Choice? 12:00-12:30 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Umbrella. 9:30 This is the Day. 10:00 Film: "Little Women" (1949) with June Allyson, Margaret O'Brien, Elizabeth Taylor and Janet Leigh. 11:55 Cartoon. 12:05 pm Sign Extra. 12:30 Country File. 1:00 News. 1:05 Bonanza. 1:50 Cartoon.

2:00 EastEnders. 3:00 Film: "Five Card Stud" (1968) with Dean Martin and Robert Mitchum. 4:50 The Living Planet. 5:35 Disney Time. 6:25 News. 6:40 Songs of Praise. 7:15 A Question of Entertainment. 7:45 Howards' Way. 8:35 First of the Summer Wine. 9:20 That's Life. 10:10 News. 10:25 Everyman: Silent Witness. 11:15 Dennis O'Neill, the Welsh tenor, with guests Patricia Bardon (contralto) and Frank Lloyd (horn). 11:55 Grand Prix (highlights).

BBC2

11:05 pm Hawk of the Wilderness. 1:20 Sunday Grandstand, featuring: 1:30 Grand Prix (The Belgian Grand Prix from Spa-Francorchamps); 3:00 Cricket (Refuge Assurance League); 3:50 Motor Racing (Dunlop RAC British Touring Cars Championship from Brands Hatch and Snetterton); 4:20 Cricket; 6:30 Motor Racing.

6:50 Rough Guide to Europe: London. 7:40 The RKO Story - Tales from Hollywood (part 5). 8:45 David Byrne. 10:05 Moviedrome (Alex Cox introduces the season of cult films). 10:07-12:45 am Film: "The Good, the Bad and the Ugly" (1966) with Clint Eastwood, Lee Van Cleef and Eli Wallach.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Sunday With Get Fresh. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 The Campbells. 11:00 Morning Worship. 12:00 Hard Times in the Cities. 1:00 pm Local news and weather. 1:05 Cartoon Time. 1:15 The Care Bears. 1:40 Link. 2:00 Stars and Steeples. 2:30 International Athletics: McVitie's Challenge. 4:20 Benson. 5:00 Film: "Girls at Sea" (1958) with Guy Rolfe, Ronald Shiner and Michael Hordern.

6:30 News From ITN. 6:35 Local News and weather. 6:40 Highway in the Holy Land. 7:15 Best of Through the Keyhole. 7:45 Classmates. 8:15 Film: "Champions" (1983) with John Hurt, Edward Woodward and Ben Johnson. 10:15 News from ITN. 10:25 Local Weather. 10:30 Twist in the Tale. 11:00 The Bretts. 12:00 The Making of Modern London, followed by ITN News Headlines. 12:30 am American Documentary. 1:00-3:00 Night Network.

CHANNEL 4

9:25 am Teesra Kinara. 9:50 Settlers' Tales. 10:00 Strangers Abroad. 11:00 Network 7. 1:00 pm Wired. 12:00 Lost in Space. 12:00 Film: "The Chocolate Soldier" (1941) with Nelson Eddy and Rise Stevens. 4:55 News summary and weather. 5:00 Ancient Lives.

6:00 Dressage. 7:15 Equinox: Cold Spring. Morning Sun. 8:15 Man and Music: Georgian London. 9:15 The Dame Edna Experience. 10:10 Film: "A Guide for the Married Man" (1967) with Walter Matthau, Jack Benny, Lucille Ball and Jayne Mansfield. 11:50 Film: "Camera d'Afrique" (1983): Documentary.

S4C WALES

As Channel 4 except

10:00 am The Faiths Next Door. 1:00 pm Strangers Abroad. 12:00 Film: "Spring in Park Lane" (1948) with Anna Neagle and Michael Wilding. 12:40 The Three Stooges. 4:00 Coming of Age. 5:00 Equinox. 7:20 Newyddion. 7:30 Canwn, Mollannwn. 8:00 Credel. 8:30 Arwyddion Hel. 9:00 John Gielgud - An Actor's Life.

IBA Regions as London except at the following times:

ANGLIA

1:00 pm Link. 1:15 The Vet. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 4:30 Hart to Hart. 5:30 Wildwatch. 6:00 Easy Street. 12:00 Sledge Hammer.

BORDER

1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon. 4:30 Survival. 5:00 Highway to Heaven. 6:00 Mr & Mrs.

CENTRAL

1:00 pm Central News. 1:05 Gardening Time. 1:45 Link. 4:30 All Clued Up. 4:40 Film: "Genevieve" (1953) with John Gregson, Dinah Sheridan and Kenneth More. 12:00 Prisoner: Cell Block H. 1:00 am Donahue. 1:55 Hammer House of Horror.

CHANNEL

9:25 am Today's Weather. 9:30 Starting Point. 1:00 pm Link. 1:15 Les Francais Chez Vous. 1:35 Barnstormers. 1:45 Cartoon Time. 4:30 Highway to Heaven. 5:30 The Good Life Guide. 6:00 Bullseye. 12:00 Throb. 12:30 am For the Honor of their Country.

GRAMPIAN

1:00 pm Farming Outlook. 1:30 Grampian Headlines. 1:35 Cartoon. 4:30 Jimmy Greaves. 5:00 Scotsport. 6:00 Survival. 12:00 Reflections.

GRANADA

1:00 pm Members Only. 1:05 Action Point: This is Your Right. 1:35 Aap Kaa Hak. 4:30 Film: "Ouch!". 5:00 All Clued Up. 5:30 Highway to Heaven. 11:30 Prisoner Cell Block H. 12:00 Donahue. 12:55 am The 1988 People's Choice Awards.

Twist in the Tale: Granada, 10.30 pm

HTV

1:05 pm West Country Farming, followed by Weather for Farmers. 1:35 Cartoon Time. 1:45 Link. 4:30 Who's The Boss? 5:00 Highway to Heaven. 6:00 The Moviemakers. 11:00 Educating Brian. 11:30 Donahue. 12:30 am Film: "Cervantes - The Young Rebel" (1966) with Horst Buchholz and Gina Lollobrigida.

SCOTTISH

1:00 pm Farming Outlook. 1:30 Canadian Documentary. 4:30 Jimmy Greaves. 5:00 Scotsport. 6:00 Easy Street. 11:00 Night Talk. 11:05 Late Call, followed by ITN News Headlines. 12:00 Donahue. 12:55 am The 1988 People's Choice Awards.

TSW

9:25 am Look and See. 10:30 Gardens for All. 1:00 pm Farming News. 1:30 Out of Limits. 4:30 The Campbells. 4:57 Gus Honeybun's Magic Birthdays. 5:00 Highway to Heaven. 6:00 Survival. 12:00 Sunday Review.

TVS

1:05 pm Link. 1:20 Labyrinth. 1:45 Cartoon Time. 1:57 TVS Weather and Farming Weather. 4:30 Highway to Heaven. 5:30 The Good Life Guide. 6:00 Bullseye. 12:00 Throb. 12:30 am For the Honor of Their Country: West Germany.

TYNE TEES

9:25 am Hello Sunday. 1:00 pm Farming Outlook. 1:35 Link. 1:50 Cartoon Time. 4:30 All Clued Up. 5:00 Short Story Theatre. 5:30 Highway to Heaven. 12:00 Inner Space. 12:10 am Jobfinder.

ULSTER

1:05 pm Gardening Time. 1:45 Farming Weather. 1:48 Link. 4:30 Play Better Squash. 5:00 The Adventure Series: Scuba. 6:00 Benson. 12:00 Sports Results. 12:05 am Ulster Newstime.

YORKSHIRE

1:00 pm Calendar News and local weather, followed by Five Minutes. 1:10 Link. 1:25 Farming Diary, followed by farming and inshore weather. 4:30 Film: "The London Connection". 6:00 Who's The Boss? 12:00 Alfred Hitchcock Presents. 12:30 am ITN News Headlines, followed by Film: "Robbery".

BBC RADIO 2

7:30 am Roger Royle says "Good Morning Sunday". 9:05 Melodies For You. 11:00 Desmond Carrington with Your Radio 2 All-time Greats. 1:00 pm Just Jim (A Tribute to Jimmy Edwards). 2:00 Stuart Hall's Sunday Sport (Medium Wave only).

2:00 Russell Davies (FM only). 3:00 Alan Dell with Sounds Easy (FM only). 4:00 BBC Concert Orchestra Showcase (FM only). 4:30 Sing Something Simple (FM only).

6:30 Charlie Chester. 7:30 Personal Choice. 8:30 My Hymns. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Joshua Rifkin at the piano. 11:00 Steve Voce presents "Sounds of Jazz". 1:00 am Ellis Hill presents "Nightride." 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am The Wind Players. 7:30 News. 7:35 The Beethoven Piano Sonatas. 8:30 News. 8:35 Your Concert Choice. 10:30 The Week at the Proms. 10:45 BBC Scottish Symphony Orchestra: Valen (Overture: Le cimetière marin), Nielsen (Suite: Aladdin). 11:25 Nash Ensemble: Ravel (Piano Trio), Gordon Crosse (Wildboy): (12:20 pm interval reading) 12:25 Beethoven (Septet in E flat Op 20).

1:15 Langham Chamber Orchestra. Sibelius (Suite: Pelleas et Melisande), Ravel (Le tombeau de Couperin). 2:05 Peter Lawson (piano). 2:35 Edinburgh International Festival. Swedish Radio SO/Esa Pekka-Salonen, with Barbara Hendricks (soprano): Stenhammar (Serenade in F), Berg (Seven Early Songs), Ravel (Sheherazade), Debussy (Iberia).

4:10 Celebrity Recital. The Borodin Quartet conclude their survey of the Shostakovich quartets with Nos 14 and 15. 5:25 Swedish Baroque Festival. Ton Koopman (harpsichord) with flute, violin and viola da gamba. 6:00 Wood Magic. 7:30 Proms '88. BBC Symphony Orchestra: Vaughan Williams (Serenade to Music), Elgar (Enigma Variations); (8:15 The life and character of Sir Henry Wood considered by Lionel Salter); 8:35 Britten (Spring Symphony). 9:35 Settling (poems). 10:00 Bach's English Suites. 10:30 Choral Evensong. 11:20 Many Hands, Light Work. 12:00-12:05 News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday, including 7:55 Weather; 8:00 news; 8:10 Sunday papers. 8:50 The Week's Good Cause. 8:55 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s).

12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 The Gardening Quiz (s). 2:30 Gosforth's Fete (s): Play by Alan Ayckbourn. 3:00 Literary Walks. 3:30 The Christian Centuries.

4:00 Victoria. 4:47 Remembrance of Gigs Past. 5:00 Down the River Tay. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback. Chris Dunkley airs audience comments about BBC programmes. 6:30 A Good Read. 7:00 International Assignment. 7:30 Actors' Workshop. 8:00 Enterprise. 8:30 Soundings. 9:00 News. The Village (part 3). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 The Memory of Troy. 11:00 Travellers' Tales. 11:30 Seeds of Faith (s). 12:00-12:30 am News.